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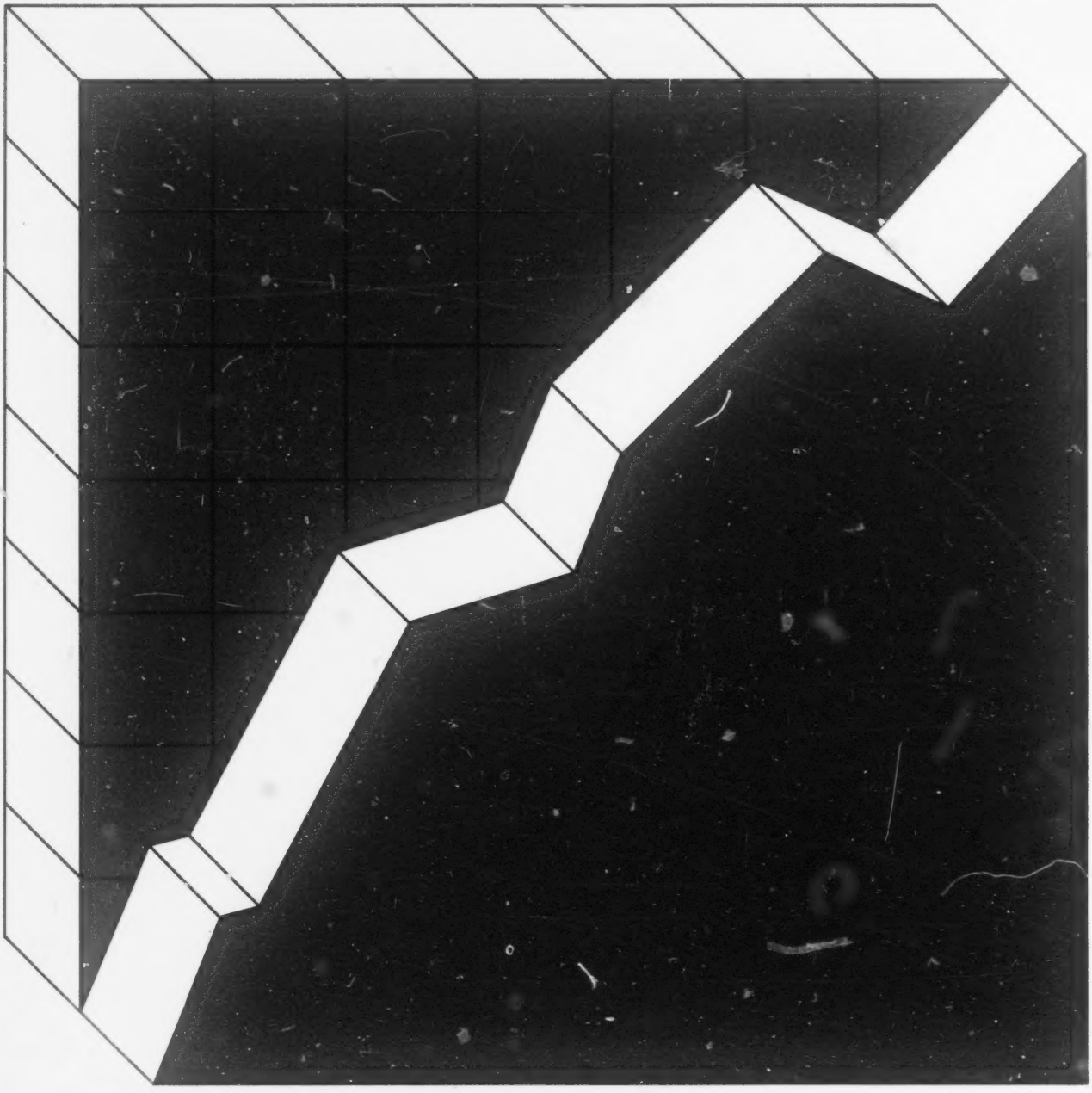
american rental association

1981

COST OF DOING BUSINESS SURVEY



COST-OF-DOING-BUSINESS SURVEY

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A REVIEW OF 1981

There were 329 respondents to the 1981 *Cost-of-Doing-Business Survey*, and they reported total revenues of $242 million. The distribution of respondents, by revenue group, was:

	Number of Respondents			
Revenue Group	1981	1980	1979	1978
0 to $100,000	20	22	26	27
$100,001-$200,000	53	58	73	54
$200,001-$500,000	131	141	131	116
$500,001-$1 million	63	62	68	75
Over $1 million	62	74	61	50
Total Respondents	329	357	359	322
Total Revenues (millions)	$242.0	$296.8	$253.2	$228.8

Figures 1 and 2 show sources of revenues and expenses for all respondents. Figures 3 and 4 show the ratio of operating profit to gross operating profit for 1977-1981 by size, source of revenue and type of equipment rented.

Profitability

The overall profitability of rental firms was down again in 1981 after a poor 1980 and excellent years in the 1977-1979 period. Return on investment (pretax income ÷ net worth) was 16.5 percent in 1981 vs. 19.2 percent in 1980 and 32.8 percent in 1979. Total reported profits were $12.1 million, or an average of $36,800 per respondent ($48,400 in 1980 and $73,000 in 1979). Return on revenues was 5.0 percent in 1981, down from 5.8 percent in 1980 and 10.4 percent in 1979. This was the lowest return on revenues reported in the 11 years the *Cost-of-Doing-Business Survey* has been conducted.

Profitability related to size of firm. Firms in all five size categories did report profits in 1981, but in general, earnings were low:

Size of Firm	Average Pretax Earnings		
(Revenues)	1981	1980	1979
Under $100,000	$ 320	$(1,950)	$ 7,850
$100,001-$200,000	5,900	9,800	15,500
$200,001-$500,000	18,400	20,900	35,400
$500,001-$1 million	48,400	47,200	75,100
Over $1 million	102,300	147,200	248,300
Average	$36,800	$48,400	$73,000

Return on investment (ROI) was highest for firms in the $500,000 to $1 million in revenues range (21.2 percent). However, even for this group, 1981 ROI was only two-thirds of the return reported in 1978 and 1979. The largest firms averaged 15.0 percent ROI in 1981 compared with 19.3 percent in 1980, 35.1 percent in 1979 and 36.7 percent in 1978.

Profitability related to source of revenues. As in 1980, firms predominantly in the rental business (70 percent or more of revenues from rentals) performed better than firms relying more on sales. ROI for both groups was down over prior years (see Section III). Return on revenues were 6.8 percent for rental-oriented firms vs. 2.9 percent for those more oriented toward sales.

In aggregate terms, the rental-oriented firms averaged profits (pretax) of $37,100 while the sales-oriented firms were slightly less ($36,200). Both groups were down substantially from earlier years.

Profitability related to type of equipment rented. ROI was down in 1981 for firms in all three categories (construction and industrial, general, and medical-party, audio-visual, etc.). Firms in construction and industrial earned an average 17.5 percent ROI (pretax), down from 19.6 percent in 1980 and 34.9 percent in 1979. General rental firms, as a group, had the lowest average ROI at 13.6 percent while the medical-party, audio-visual group averaged 17.1 percent.

Profitability related to regions. There were several significant changes between 1980 and 1981:

Region	ROI in 1981	ROI in 1980
Rocky Mountain (#7)	8.9%	18.8%
Pacific (#9)	9.8%	24.2%
Canada (#10)	46.0%	21.8%
Eastern (#2)	1.4%	19.0%

Other regions generally had the same performance as in 1980. Firms in region #5, the Great Lakes area, increased their ROI from 6.0 percent in 1980 to 7.0 percent in 1981, but still remain considerably below average.

Other than Canada (#10), rental firms in Northeast (#1) and the Southwest (#4) had much higher than average earnings as measured by return on investment. ROI in these two regions were 25.3 and 25.6 percent respectively.

Expenses

Expenses, as a percent of gross operating profits, were up to 94.5 percent in 1981. This compared with 93.1 percent in 1980 and 87.1 percent in 1979. This is largely due to lower revenues; actual expenses probably did not rise in 1981.

Salaries, wages and fringe benefits were not reduced as revenues dropped. Consequently, in 1981 this category of costs was 38.0 percent of gross operating profits. This compared with 36.7 percent in 1980 and 35.3 percent in 1979.

Financial Condition

Despite below average revenues and profits in 1981, there was a slight improvement in the financial condition of the rental firms responding to the 1981 survey. In proportion to revenues, rental investment was down, the collection period on receivables was lowered, and the average current ratio was up to 1.3 (1.2 in 1980). Rental revenue to equipment cost remained nearly constant at .87 times, and rental revenues to net rental investment (after accumulated depreciation) increased, indicating a good job of controlling investment in new equipment. Merchandise inventories were down to 10.8 percent of assets from 12.4 percent in 1980.

On the liabilities side, accounts payable were 5.9 percent, down slightly. Long-term debt was 27.2 percent, up from 26.4 percent a year earlier. Net worth was 43.2 percent, up slightly over the corresponding 1980 figure.

Other Financial Indicators

Proprietors' salaries and drawings for those firms reporting averaged $37,400 in 1981; this compared with $42,200 in 1980 and $35,700 in 1979.

Yellow page advertising averaged $5,600 per firm in 1981. This compared with $6,700 per firm in 1980.

Other Comments

More detailed tabulations for firms in each major rental category are available through the respective councils.

BBC thanks the 329 firms responding for 1981.

FIGURE 1. SOURCES OF REVENUE, 329 RESPONDENTS, 1981

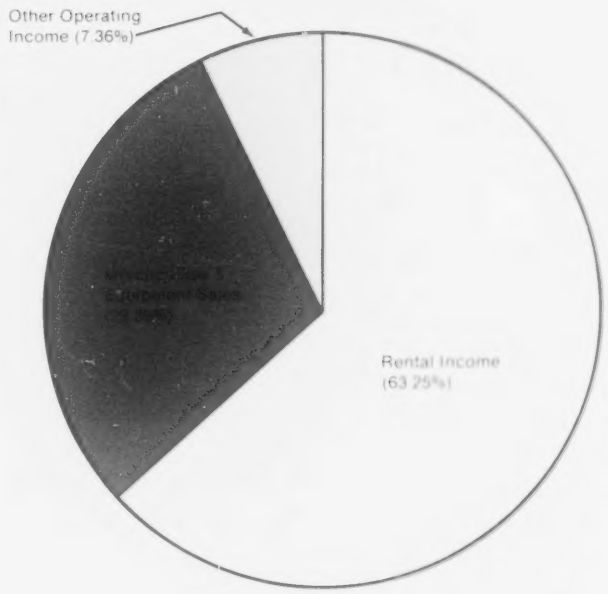


FIGURE 2. MAJOR EXPENSE CATEGORIES, 329 RESPONDENTS, 1981

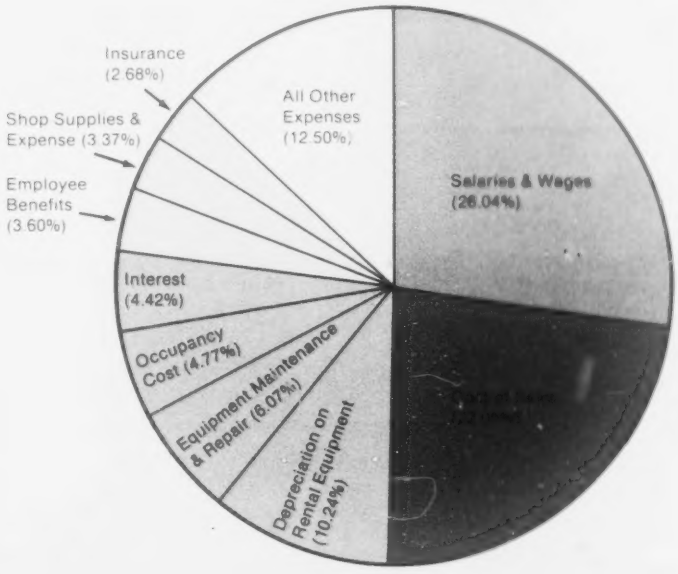


FIGURE 3. RATIO OF OPERATING PROFIT TO GROSS OPERATING PROFIT BY REVENUE CATEGORY, 1978-1981

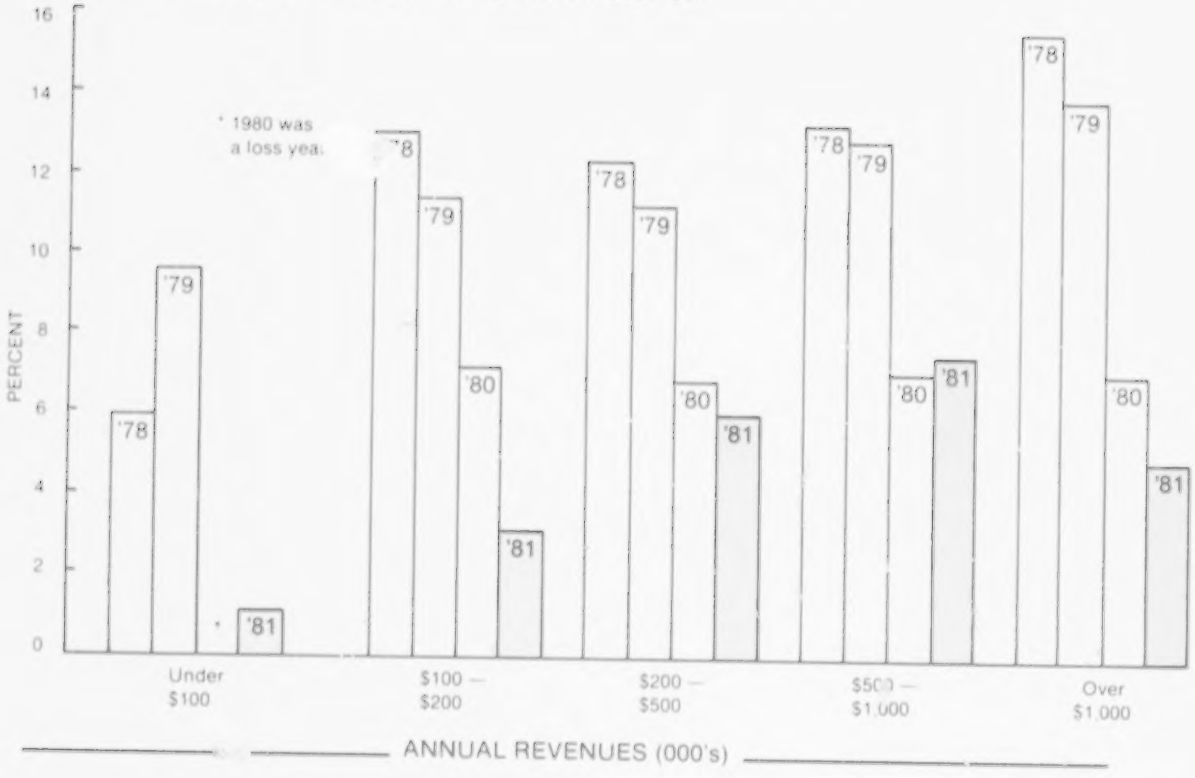
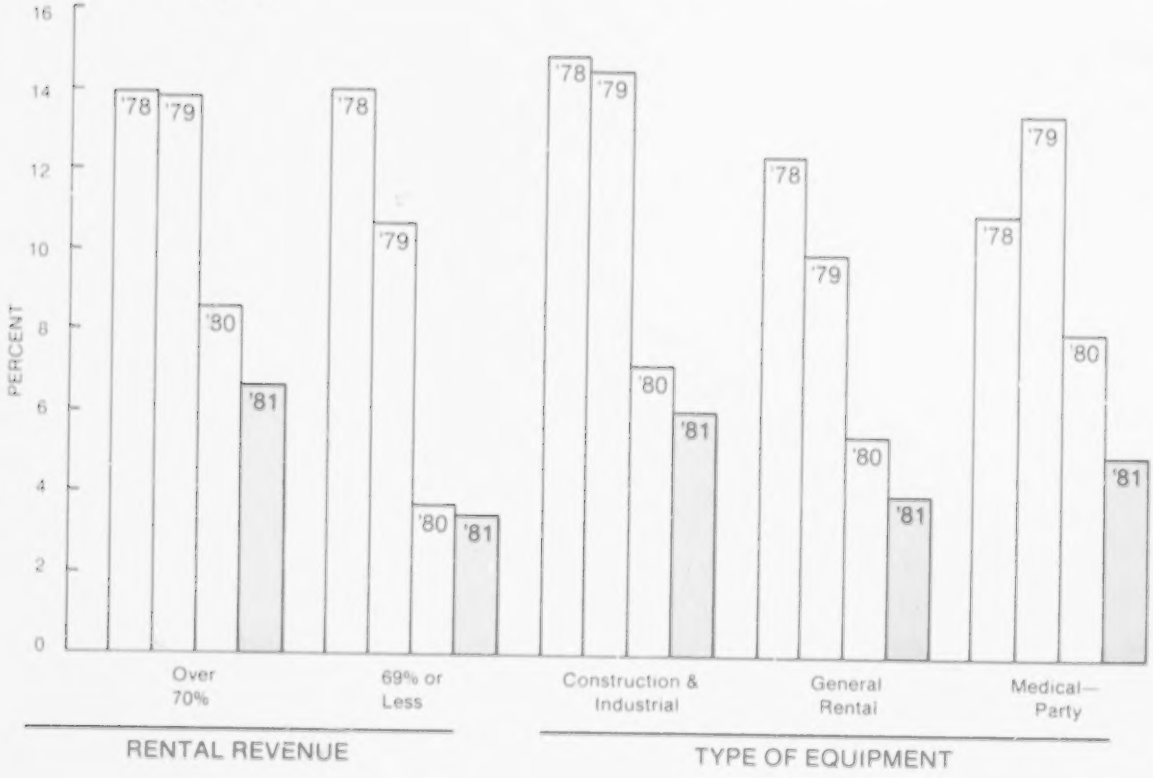


FIGURE 4. RATIO OF OPERATING PROFIT TO GROSS OPERATING PROFIT BY SOURCE OF REVENUES AND TYPE OF EQUIPMENT RENTED, 1978-1981



SECTION 1. FINANCIAL DATA FOR ALL RESPONDENTS

The 329 responding firms had average revenues of $735,655, down 11.5 percent from the $831,326 reported in 1980.

Key financial ratios for 1981 and three prior years are shown below. The ratio of rental revenues to the original cost of equipment rented is presented this year for the first time, but is not available for all previous years.

FINANCIAL RATIOS	1981	1980	1979	1978
CURRENT RATIO (current assets ÷ current liabilities)	1.3	1.2	1.3	1.4
ACID TEST RATIO (cash, marketable securities and accounts receivable ÷ current liabilities)	.78	.71	.80	.85
RETURN ON INVESTMENT (net income before taxes ÷ net worth)	16.5%	19.2%	32.8%	33.7%
RETURN ON TOTAL ASSETS (net income before taxes ÷ total assets)	7.1%	7.9%	14.4%	14.9%
RETURN ON REVENUES (net income before taxes ÷ revenues)	5.0%	5.8%	10.4%	10.5%
AVERAGE COLLECTION PERIOD (accounts receivable ÷ average daily revenues)	35 days	37 days	35 days	41 days
PROFITS ON RENTAL INVESTMENT (net income before taxes ÷ net rental equipment)	15.6%	16.8%	29.1%	32.5%
TOTAL REVENUES TO RENTAL INVESTMENT (total revenues ÷ net rental equipment)	3.11 times	2.89 times	2.81 times	3.10 times
RENTAL REVENUES TO RENTAL INVESTMENT (rental income ÷ net rental equipment)	1.97 times	1.86 times	1.95 times	1.95 times
RENTAL REVENUES TO EQUIPMENT COST (rental income ÷ cost of rental equipment)	.87 times	.86 times	NA	NA

Shown below is a table containing the ratio of major expenses and net operating profit to gross operating profit for all respondents:

PERCENTS OF GROSS OPERATING PROFIT:				
Salaries & Wages	33.4%	32.4%	31.1%	31.9%
Employee Benefits	4.6	4.3	4.2	4.3
TOTAL	38.0	36.7	35.3	36.2
Depreciation (All)	15.1	15.3	14.4	13.4
Occupancy Cost	6.1	5.5	5.4	5.1
Equipment Maintenance & Repair	7.8	7.7	8.6	8.0
Interest	5.7	5.1	3.5	3.3
Advertising & Promotion	2.6	2.4	2.2	2.2
Insurance	3.4	3.6	3.8	3.9
Shop Supplies & Expense	4.3	4.4	3.2	3.0
OPERATING PROFIT	5.5	6.9	12.9	14.0

Table I-1 reports income and expense on an aggregated basis for all firms responding in 1978 through 1981. Table I-2 contains more detail on expenses, and Table I-3 presents balance sheets for the four years.

TABLE I—1. SUMMARY OF INCOME AND EXPENSE, ALL RESPONDENTS

Income & Expense Categories	1981 Dollars	1981 Percent of Total Income	1980 Dollars	1980 Percent of Total Income	1979 Dollars	1979 Percent of Total Income	1978 Dollars	1978 Percent of Total Income	Insert Your Own Figures Here
Rental Income	153,080,509	63.25	190,670,176	64.25	175,746,168	69.42	143,965,208	62.91	
Merchandise & Equipment Sales	71,138,773	29.39	86,357,773	29.10	69,303,145	27.37	76,268,865	33.33	
Other Operating Income	17,811,297	7.36	19,755,422	6.66	8,129,455	3.21	8,602,969	3.76	
Total Operating Income	242,030,579	100.00	296,783,371	100.00	253,178,768	100.00	228,837,042	100.00	
Less Cost of Sales	53,380,943	22.06	70,138,107	23.63	53,859,802	21.27	61,447,750	26.85	
Gross Operating Profit	188,649,636	77.94	226,645,264	76.37	199,318,966	78.73	167,389,292	73.15	
OPERATING EXPENSES:									
Salaries & Wages	63,019,333	26.04	73,535,697	24.78	62,059,700	24.51	53,437,013	23.35	
Employee Benefits & Taxes	8,723,582	3.60	9,755,855	3.29	8,377,813	3.31	7,127,145	3.11	
Equipment Maintenance & Repair	14,700,536	6.07	17,491,102	5.89	17,196,617	6.79	13,357,170	5.84	
Shop Supplies & Expense	8,164,560	3.37	10,082,330	3.40	6,353,889	2.51	5,039,516	2.20	
Occupancy Cost	11,554,814	4.77	12,491,045	4.21	10,655,816	4.21	8,444,878	3.69	
Bad Debts Expense	2,488,949	1.03	2,546,504	0.86	2,200,591	0.87	1,976,599	0.86	
Office Supplies & Expenses	2,245,080	0.93	2,661,767	0.90	2,294,118	0.91	2,229,534	0.97	
Associations & Travel Expense	1,600,599	0.66	1,939,697	0.65	1,683,402	0.66	1,377,989	0.60	
Legal & Accounting	2,189,562	0.90	2,459,948	0.83	1,794,059	0.71	1,558,314	0.68	
Telephone & Other Communications	1,903,782	0.79	2,111,697	0.71	1,819,422	0.72	1,617,481	0.71	
Automobile & Truck Expense	4,282,011	1.77	5,139,754	1.73	4,100,686	1.62	3,695,382	1.61	
Insurance	6,479,975	2.68	8,209,394	2.77	7,651,137	3.02	6,456,842	2.82	
Advertising & Promotion	4,848,625	2.00	5,368,081	1.81	4,299,904	1.70	3,627,624	1.59	
Other Taxes	2,645,232	1.09	3,042,579	1.03	2,687,852	1.06	2,476,723	1.08	
Interest	10,693,695	4.42	11,510,613	3.88	6,945,689	2.74	5,445,276	2.38	
Franchise Fees	662,030	0.27	721,277	0.24	494,365	0.20	542,801	0.24	
Depreciation, Non-Rental Equipment	3,641,551	1.50	4,664,773	1.57	3,613,705	1.43	2,612,517	1.14	
Other Operating Expenses	3,756,558	1.55	7,379,865	2.49	4,252,905	1.68	3,152,561	1.38	
TOTAL OPERATING EXPENSES	153,600,474	63.46	181,111,978	61.02	148,481,670	58.65	124,175,365	54.26	
Operating Profit Before Rental Depr.	35,049,162	14.48	45,533,286	15.34	50,837,296	20.08	43,213,927	18.88	
Depreciation on Rental Equipment	24,772,883	10.24	29,915,017	10.08	25,073,617	9.90	19,847,064	8.67	
OPERATING PROFIT	10,276,279	4.25	15,618,269	5.26	25,763,679	10.18	23,366,863	10.21	
Other Income & Expense (Net)	1,848,010	0.76	1,665,848	0.56	470,753	0.19	668,915	0.29	
NET INCOME BEFORE INCOME TAXES	12,124,289	5.01	17,284,117	5.82	26,234,432	10.36	24,035,778	10.50	
NUMBER OF RESPONDENTS	329		357		359		322		

Special Notes for 1981

Proprietors' salary and drawings (average for firms reporting)	$37,365
Percent of total income (67 firms)	5.8%
Yellow Pages advertising (average for firms reporting)	$ 5,563
Percent of total advertising (188 firms)	39.1%

NOTE: Due to rounding, percentages may not add to the one-hundredth of a percent.

TABLE I-2. EXPENSES AS A PERCENT OF GROSS OPERATING PROFIT

EXPENSE CATEGORIES	1981	1980	1979	1978
GROSS OPERATING PROFITS	100.00	100.00	100.00	100.00
EXPENSES:				
Salaries & Wages	33.41	32.45	31.14	31.92
Employee Benefits & Taxes	4.62	4.30	4.20	4.26
Equipment Maintenance & Repair	7.79	7.72	8.63	7.98
Shop Supplies & Expense	4.33	4.45	3.19	3.01
Occupancy Cost	6.13	5.51	5.35	5.05
Bad Debt Expense	1.32	1.12	1.10	1.18
Office Supplies & Expense	1.19	1.17	1.15	1.33
Association & Travel Expense	.85	.86	.84	.82
Legal & Accounting	1.16	1.09	.90	.93
Telephone & Other Communications	1.01	.93	.91	.97
Auto & Truck Expense	2.27	2.27	2.06	2.21
Insurance	3.43	3.62	3.84	3.86
Advertising & Promotion	2.57	2.37	2.16	2.17
Other Taxes	1.40	1.34	1.35	1.48
Interest	5.67	5.08	3.48	3.25
Franchise Fees	.35	.32	.25	.32
Depreciation—Non-Rental Equipment	1.93	2.06	1.81	1.56
Other Operating Expenses	1.99	3.26	2.13	1.88
Depreciation—Rental Equipment	13.13	13.20	12.58	11.86
OPERATING PROFIT	5.45	6.89	12.93	13.96

TABLE I-3. SUMMARY OF BALANCE SHEETS, ALL RESPONDENTS

	1981		1980		1979		1978		Insert Your Own Figures Here
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	
CURRENT ASSETS:									
Cash	9,674,818	5.67	12,351,734	5.62	12,471,831	6.86	9,360,172	5.81	
Accounts Receivable (Net)	22,912,183	13.42	29,700,574	13.52	23,956,997	13.18	25,503,071	15.84	
Merchandise Inventories	18,482,764	10.82	27,124,773	12.35	14,293,857	7.87	17,992,461	11.17	
Marketable Securities	2,969,752	1.74	3,086,170	1.41	2,342,825	1.29	1,760,390	1.09	
Prepaid Expenses	3,262,624	1.91	4,196,216	1.91	4,193,978	2.31	3,637,650	2.26	
Supplies Inventory	679,102	0.40	837,006	0.38	481,621	0.27	763,132	0.47	
Other Current Assets	2,843,030	1.67	2,456,676	1.12	2,638,029	1.45	1,299,159	0.81	
Total Current Assets	60,824,273	35.62	79,755,149	36.31	60,379,138	33.23	60,316,035	37.46	
Rental Equipment—Net Book Value	77,871,526	45.61	102,727,419	46.77	90,047,038	49.56	73,847,834	45.86	
Other Fixed Assets—Net Book Value	24,551,008	14.38	28,905,500	13.16	23,412,614	12.88	21,297,468	13.23	
Total Fixed Assets	102,422,534	59.99	131,632,919	59.93	113,459,652	62.44	95,145,302	59.09	
Other Assets	7,495,542	4.39	8,240,189	3.75	7,869,452	4.33	5,562,297	3.45	
TOTAL ASSETS	170,742,349	100.00	219,628,257	100.00	181,708,242	100.00	161,023,634	100.00	
CURRENT LIABILITIES:									
Accounts Payable	10,083,436	5.91	14,073,297	6.41	11,669,110	6.42	10,726,227	6.66	
Current Notes Payable	23,746,425	13.91	33,944,191	15.46	22,932,594	12.62	20,133,753	12.50	
Contracts Payable	3,652,081	2.14	4,260,246	1.94	2,444,531	1.35	3,797,459	2.36	
Customers' Rental Deposits	451,413	0.26	413,380	0.19	409,353	0.23	388,504	0.24	
Accrued Expenses	4,385,018	2.57	4,005,112	1.82	4,517,338	2.49	4,196,045	2.61	
Taxes Payable	2,209,646	1.29	2,672,648	1.22	3,864,877	2.13	2,844,019	1.77	
Other Current Liabilities	1,292,579	0.76	4,597,040	2.09	2,330,881	1.28	949,725	0.59	
Total Current Liabilities	45,820,598	26.84	63,971,914	29.13	48,168,684	26.51	43,035,732	26.73	
Long-Term Debt	46,370,457	27.16	57,896,527	26.36	48,337,992	26.60	42,838,774	26.60	
Other Liabilities	4,883,074	2.86	7,787,595	3.55	5,243,754	2.89	3,789,414	2.35	
Total Liabilities	97,074,129	56.85	129,656,036	59.03	101,750,430	56.00	89,663,920	55.68	
Net Worth	73,668,220	43.15	89,972,221	40.97	79,957,812	44.00	71,359,714	44.32	
TOTAL LIABILITIES & NET WORTH	170,742,349	100.00	219,628,257	100.00	181,708,242	100.00	161,023,634	100.00	
NUMBER OF RESPONDENTS	329		357		359		322		

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

SECTION II. FINANCIAL DATA RELATED TO SIZE OF FIRM

Tables II-1 through II-3 present income and expense, balance sheet, and financial ratios for rental firms in five size categories for 1978-1981. Figure II-1 below contains return on investment for firms in each size category for 1978 through 1981.

FIGURE II-1. RETURN ON INVESTMENT BY SIZE OF FIRM, 1978-1981.

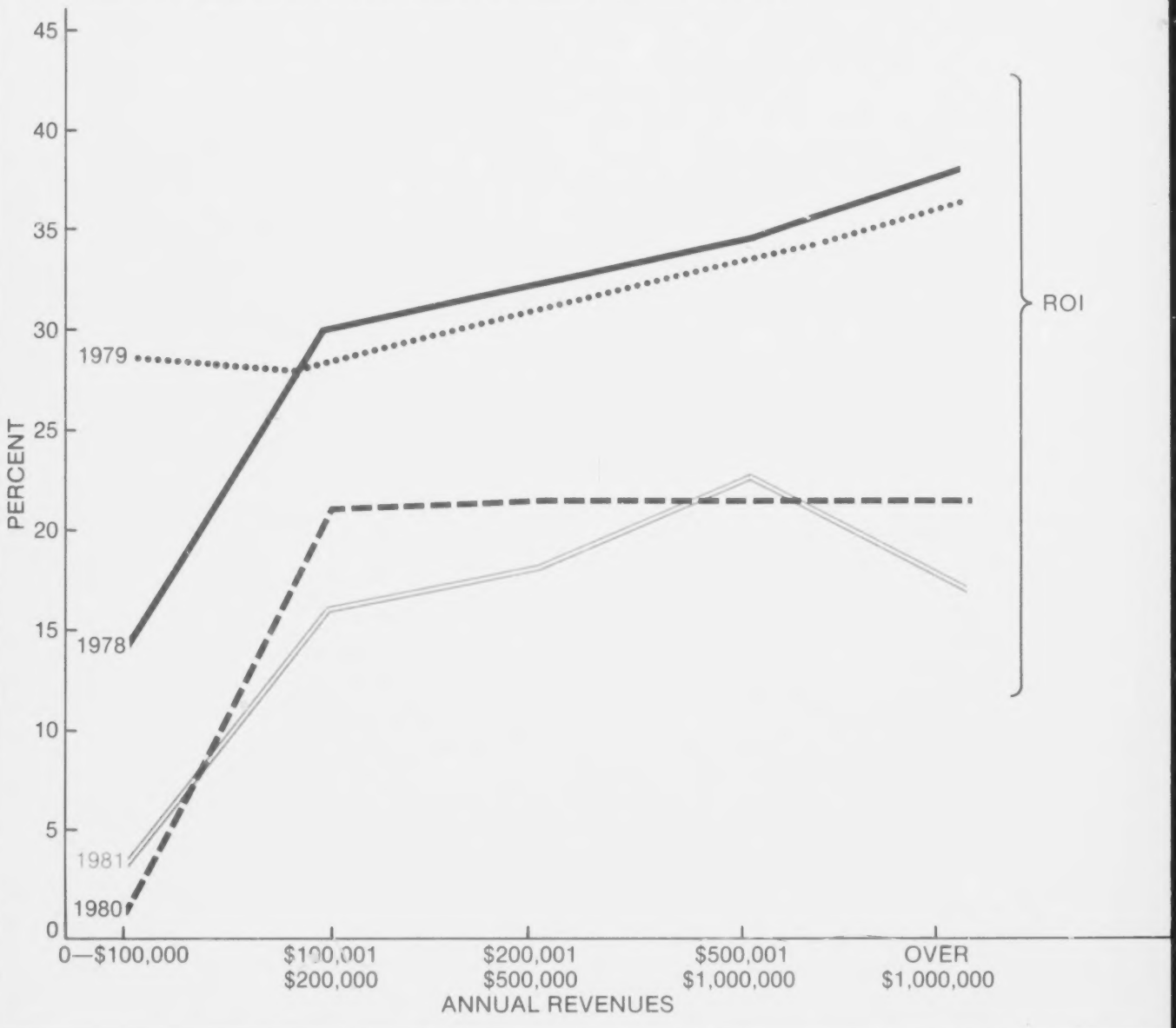


TABLE II-1. INCOME AND EXPENSE BY ANNUAL REVENUE, 1981

	$000—$100,000		$100,001—$200,000		$200,001—$500,000		$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	1,099,607	79.74	6,606,406	82.83	32,498,340	77.84	30,542,234	69.84	82,333,922	55.93
Merchandise & Equipment Sales	190,178	13.79	1,072,603	13.45	6,901,676	16.53	10,703,129	24.48	52,271,187	35.51
Other Operating Income	89,144	6.46	296,753	3.72	2,348,094	5.62	2,483,794	5.68	12,593,512	8.56
Total Operating Income	1,378,929	100.00	7,975,762	100.00	41,748,110	100.00	43,729,157	100.00	147,198,621	100.00
Less Cost of Sales	129,592	9.40	864,170	10.83	4,808,691	11.52	8,020,691	18.34	39,557,799	26.87
Gross Operating Profit	1,249,337	90.60	7,111,592	89.17	36,939,419	88.48	35,708,466	81.66	107,640,822	73.13
OPERATING EXPENSES:										
Salaries & Wages	347,003	25.16	2,037,885	25.55	12,677,258	30.37	11,802,392	26.99	36,154,795	24.56
Employee Benefits & Taxes	32,822	2.38	250,803	3.14	1,656,803	3.97	1,587,484	3.63	5,195,670	3.53
Equipment Maintenance & Repair	72,178	5.23	468,349	5.87	2,789,649	6.68	2,741,554	6.27	8,628,806	5.86
Shop Supplies & Expense	70,202	5.09	260,869	3.27	1,321,914	3.17	1,472,766	3.37	5,038,809	3.42
Occupancy Cost	167,165	12.12	747,554	9.37	2,724,610	6.53	2,360,166	5.40	5,555,319	3.77
Bad Debts Expense	1,860	0.13	20,727	0.26	264,483	0.63	469,109	1.07	1,732,767	1.18
Office Supplies & Expenses	16,699	1.21	100,755	1.26	442,871	1.06	454,508	1.04	1,230,247	0.84
Associations & Travel Expense	14,676	1.06	75,441	0.95	326,695	0.78	295,864	0.68	887,923	0.60
Legal & Accounting	24,034	1.74	101,961	1.28	421,436	1.01	377,294	0.86	1,264,837	0.86
Telephone & Other Communications	21,609	1.57	100,080	1.25	376,903	0.90	343,359	0.79	1,061,831	0.72
Automobile & Truck Expense	39,337	2.85	189,380	2.37	847,800	2.03	787,248	1.80	2,418,246	1.64
Insurance	47,374	3.44	314,142	3.94	1,567,741	3.76	1,266,443	2.90	3,284,275	2.23
Advertising & Promotion	59,854	4.34	312,831	3.92	1,215,687	2.91	1,015,998	2.32	2,244,255	1.52
Other Taxes	31,879	2.31	84,248	1.06	421,095	1.01	560,563	1.28	1,547,447	1.05
Interest	70,594	5.12	426,655	5.35	1,600,370	3.83	1,550,189	3.54	7,045,887	4.79
Franchise Fees	6,560	0.48	115,469	1.45	387,620	0.93	64,406	0.15	87,975	0.06
Depreciation, Non-Rental Equipment	18,624	1.35	152,462	1.91	715,673	1.71	713,826	1.63	2,040,966	1.39
Other Operating Expenses	21,138	1.53	169,269	2.12	679,129	1.63	841,158	1.92	2,045,864	1.39
TOTAL OPERATING EXPENSES	1,063,608	77.13	5,928,880	74.34	30,437,740	72.91	28,704,327	65.64	87,465,919	59.42
Operating Profit Before Rental Depr.	185,729	13.47	1,182,712	14.83	6,501,679	15.57	7,004,139	16.02	20,174,903	13.71
Depreciation on Rental Equipment	173,825	12.61	964,009	12.09	4,311,024	10.33	4,351,734	9.95	14,972,291	10.17
OPERATING PROFIT	11,904	0.86	218,703	2.74	2,190,655	5.25	2,652,405	6.07	5,202,612	3.53
Other Income & Expense (Net)	—5,504	—0.40	94,831	1.19	222,033	0.53	398,943	0.91	1,137,707	0.77
NET INCOME BEFORE INCOME TAXES	6,400	0.46	313,534	3.93	2,412,688	5.78	3,051,348	6.98	6,340,319	4.31
NUMBER OF RESPONDENTS	20		53		131		63		62	

TABLE II-2. BALANCE SHEETS BY ANNUAL REVENUE, 1981

	$000—$100,000		$100,001—$200,000		$200,001—$500,000		$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	69,494	5.24	374,434	6.10	2,317,014	7.40	2,278,930	7.45	4,634,946	4.57
Accounts Receivable (Net)	41,850	3.16	386,549	6.30	2,462,008	7.86	3,463,700	11.32	16,558,076	16.33
Merchandise Inventories	56,556	4.27	412,298	6.72	2,035,655	6.50	2,929,509	9.58	13,048,746	12.87
Marketable Securities	40,383	3.05	95,911	1.56	1,108,614	3.54	575,820	1.88	1,149,024	1.13
Prepaid Expenses	17,133	1.29	75,354	1.23	716,400	2.29	399,012	1.30	2,054,725	2.03
Supplies Inventory	2,450	0.18	28,418	0.46	57,267	0.18	49,935	0.16	541,032	0.53
Other Current Assets	343	0.03	70,673	1.15	363,487	1.16	953,255	3.12	1,455,272	1.44
Total Current Assets	228,209	17.22	1,443,637	23.51	9,060,445	28.94	10,650,161	34.81	39,441,821	38.90
Rental Equipment—Net Book Value	815,212	61.51	3,480,114	56.68	15,055,223	48.09	14,611,388	47.76	43,909,589	43.31
Other Fixed Assets—Net Book Value	77,983	5.88	970,513	15.81	5,321,468	17.00	4,618,047	15.09	13,562,997	13.38
Total Fixed Assets	893,195	67.40	4,450,627	72.49	20,376,691	65.09	19,229,435	62.85	57,472,586	56.69
Other Assets	203,850	15.38	245,606	4.00	1,866,387	5.96	714,040	2.33	4,465,659	4.40
TOTAL ASSETS	1,325,254	100.00	6,139,870	100.00	31,303,523	100.00	30,593,636	100.00	101,380,066	100.00
CURRENT LIABILITIES:										
Accounts Payable	54,572	4.12	218,778	3.56	1,252,168	4.00	1,641,183	5.36	6,916,735	6.82
Current Notes Payable	66,982	5.05	581,805	9.48	2,955,418	9.44	3,375,192	11.03	16,767,028	16.54
Contracts Payable	53,989	4.07	47,838	0.78	278,102	0.89	615,778	2.01	2,656,374	2.62
Customers' Rental Deposits	2,358	0.18	14,334	0.23	96,515	0.31	97,523	0.32	240,683	0.24
Accrued Expenses	3,336	0.25	42,944	0.70	357,744	1.14	518,323	1.69	3,462,671	3.42
Taxes Payable	23,718	1.79	88,372	1.44	590,935	1.89	487,484	1.59	1,019,137	1.01
Other Current Liabilities	0	0.00	2,500	0.04	112,963	0.36	131,315	0.43	1,045,801	1.03
Total Current Liabilities	204,955	15.47	996,571	16.23	5,643,845	18.03	6,866,798	22.45	32,108,429	31.67
Long-Term Debt	726,624	54.83	2,708,782	44.12	9,963,540	31.83	8,151,841	26.65	24,819,670	24.48
Other Liabilities	75,201	5.67	344,914	5.62	1,136,978	3.63	1,184,955	3.87	2,141,026	2.11
Total Liabilities	1,006,780	75.97	4,050,267	65.97	16,744,363	53.49	16,203,594	52.96	59,069,125	58.27
Net Worth	318,474	24.03	2,089,603	34.03	14,559,160	46.51	14,390,042	47.04	42,310,941	41.73
TOTAL LIABILITIES & NET WORTH	1,325,254	100.00	6,139,870	100.00	31,303,523	100.00	30,593,636	100.00	101,380,066	100.00
NUMBER OF RESPONDENTS	20		53		131		63		62	

TABLE II-3. FINANCIAL RATIOS BY REVENUE CATEGORY, 1978-1981

Financial Ratio	$000—$100,000				$100,001—$200,000				$200,001—$500,000				$500,001—1 Million				Over 1 Million			
	1981	1980	1979	1978	1981	1980	1979	1978	1981	1980	1979	1978	1981	1980	1979	1978	1981	1980	1979	1978
Current Ratio	1.11	.65	.65	1.82	1.45	1.04	.92	1.25	1.61	1.29	1.38	1.48	1.55	1.42	1.50	1.37	1.23	1.23	1.21	1.40
Acid Test Ratio	.74	.41	.42	1.36	.86	.59	.58	.67	1.04	.76	.84	1.00	.92	.91	1.01	.94	.70	.67	.78	.79
Return on Investment (expressed	2.0	Loss	28.6	12.7	15.0	19.3	27.2	29.9	16.6	19.5	29.9	31.2	21.2	19.4	31.1	31.6	15.0	19.3	35.1	36.7
Return on Total Assets as	0.5	Loss	9.9	5.0	5.1	7.5	10.6	13.1	7.7	8.4	14.7	15.4	10.0	9.7	15.9	15.6	6.3	7.5	14.4	14.9
Return on Revenues percentages)	0.5	Loss	10.3	6.2	3.9	6.3	10.3	11.4	5.8	6.4	10.3	11.2	7.0	6.8	10.7	11.5	4.3	5.5	10.3	9.9
Average Collection Period (Days)	11	19	18	34	18	18	23	14	22	23	20	22	29	30	29	36	41	42	42	50
Profits on Rental Investment (expressed in percent)	0.8	Loss	15.3	9.3	9.0	13.4	22.3	25.2	16.0	17.9	29.6	30.6	20.9	20.5	32.8	30.6	14.4	16.6	28.9	36.0
Total Revenues to Rental Investment	1.7	1.4	1.5	1.5	2.3	2.1	2.2	2.2	2.8	2.6	2.9	2.7	3.0	3.0	3.1	2.7	3.4	3.0	2.8	3.6
Rental Revenues to Rental Investment	1.3	1.2	1.3	1.3	1.3	1.7	1.8	1.8	2.2	2.1	2.2	2.2	2.1	2.2	2.3	2.0	1.9	1.7	1.8	1.8
Rental Revenues to Equipment Cost	.7	NA	NA	NA	.9	NA	NA	NA	.9	NA	NA	NA	.9	NA	NA	NA	.8	NA	NA	NA
PERCENTS OF GROSS OPERATING PROFIT:																				
Salaries & Wages	27.8	27.8	22.6	25.8	28.7	28.8	29.1	29.7	34.3	34.2	32.9	32.9	33.1	35.0	33.3	32.9	33.6	31.5	30.0	31.3
Employee Benefits	2.6	2.7	2.3	2.4	3.5	3.6	3.4	3.2	4.5	3.9	3.9	3.7	4.4	5.0	4.1	4.1	4.8	4.3	4.4	4.7
Total	30.4	30.5	24.9	28.2	32.2	32.4	32.5	32.9	38.8	38.1	36.8	36.6	37.5	40.0	37.4	37.0	38.4	35.8	34.4	36.0
Depreciation (All)	15.4	16.7	15.5	16.3	15.7	14.9	13.9	12.6	13.6	13.8	12.6	13.0	14.2	14.0	13.3	13.2	15.8	16.0	15.4	13.8
Occupancy Cost	13.4	12.9	9.7	10.6	10.5	8.7	7.8	8.7	7.4	6.9	6.1	5.7	6.6	5.9	4.8	4.9	5.2	4.8	5.0	4.5
Equipment Maintenance & Repair	5.8	7.3	7.3	7.9	6.6	6.6	7.2	6.8	7.6	7.4	8.1	8.0	7.7	7.6	8.6	9.1	8.0	7.9	9.0	7.4
Interest	5.7	8.6	7.5	6.0	6.0	5.0	4.4	4.1	4.3	4.3	3.0	2.9	4.3	3.9	2.7	2.8	6.5	5.6	3.8	3.5
Advertising & Promotion	4.8	4.4	4.0	4.7	4.4	3.5	3.4	4.0	3.3	3.3	2.6	2.8	2.8	2.6	2.4	2.2	2.1	1.9	1.8	1.7
Insurance	3.8	5.0	4.6	4.2	4.4	4.8	4.2	4.1	4.2	4.6	4.3	4.3	3.5	3.9	4.1	4.0	3.1	3.2	3.5	3.5
Shop Supplies & Expense	5.6	4.9	5.0	2.5	3.7	4.2	4.1	2.9	3.6	3.4	3.6	2.8	4.1	3.3	3.1	3.2	4.7	5.0	2.9	3.0
OPERATING PROFIT	1.0	Loss	9.4	5.8	3.1	7.1	11.4	12.9	5.9	6.7	11.3	12.3	7.4	6.9	12.6	12.9	4.8	7.0	13.8	15.4
NUMBER OF RESPONDENTS	20	22	26	27	53	58	73	54	131	141	131	116	63	62	68	75	62	74	61	50

SECTION III. FINANCIAL DATA RELATED TO SOURCE OF REVENUES

The table below compares key financial ratios for firms deriving most of their revenues from rentals vs. those recording significant sales.

Tables III-1 and III-2 contain income and expense and balance sheet data for rental firms in the two categories. Tables III-3 through III-6 present similar data by size of firm in these two groups.

	Over 70 Percent From Rentals				69 Percent Or Less Revenue From Rentals			
Financial Ratio	1981	1980	1979	1978	1981	1980	1979	1978
Current Ratio	1.3	1.2	1.2	1.3	1.4	1.3	1.3	1.5
Acid Test Ratio	.90	.88	.87	.95	.67	.57	.71	.76
Return on Investment	17.7%	21.3%	34.4%	33.4%	13.8%	14.4%	28.7%	34.2%
Return on Total Assets	8.8%	10.6%	16.4%	16.9%	4.7%	4.2%	10.6%	12.4%
Return on Revenues	6.8%	8.3%	12.4%	12.9%	2.9%	2.9%	7.0%	7.8%
Average Collection Period (Days)	29	29	30	31	41	46	42	51
Profits on Rental Investment	16.6%	19.7%	31.1%	32.2%	13.3%	11.4%	24.5%	33.2%
Total Revenues to Rental Investment (Times)	2.4	2.4	2.5	2.5	4.5	3.9	3.5	4.2
Rental Revenues to Rental Investment (Times)	2.0	2.0	2.1	2.1	1.8	1.5	1.5	1.6
Rental Revenues to Equipment Cost (Times)	.89	.92	NA	NA	.85	.73	NA	NA
PERCENTS OF GROSS OPERATING PROFIT:								
Salaries & Wages	31.9	32.1	31.1	31.2	35.9	33.1	31.3	33.2
Employee Benefits	4.5	4.2	4.0	3.9	4.8	4.4	4.6	4.8
Total	36.4	36.3	35.1	35.1	40.7	37.5	35.9	38.0
Depreciation (All)	15.9	15.3	14.1	13.6	13.8	15.2	15.1	13.1
Occupancy Cost	6.9	6.1	5.4	5.5	4.8	4.4	5.2	4.1
Equipment Maintenance & Repair	7.9	8.4	9.1	8.7	7.6	6.5	7.3	6.6
Interest	4.7	3.8	2.9	2.7	7.2	7.5	5.0	4.2
Advertising & Promotion	2.8	2.4	2.1	2.2	2.3	2.3	2.4	2.1
Insurance	3.6	4.1	4.0	4.2	3.1	2.7	3.4	3.1
Shop Supplies & Expense	4.6	4.3	3.4	3.3	3.9	4.6	2.7	2.5
OPERATING PROFIT	6.7	8.6	13.8	13.9	3.4	3.7	10.6	14.0
NUMBER OF RESPONDENTS	237	274	283	247	92	83	76	75

TABLE III—1. INCOME AND EXPENSE BY SOURCE OF REVENUE, 1981

	REVENUE FROM RENTALS			
	Over 70 Percent		69 Percent or Less	
	Dollars	Percents	Dollars	Percents
Rental Income	108,116,568	83.83	44,963,941	39.77
Merchandise & Equipment Sales	15,403,640	11.94	55,735,133	49.30
Other Operating Income	5,447,276	4.22	12,364,021	10.94
Total Operating Income	128,967,484	100.00	113,063,095	100.00
Less Cost of Sales	12,399,054	9.61	40,981,889	36.25
Gross Operating Profit	116,568,430	90.39	72,081,206	63.75
OPERATING EXPENSES:				
Salaries & Wages	37,146,300	28.80	25,873,033	22.88
Employee Benefits & Taxes	5,231,701	4.06	3,491,881	3.09
Equipment Maintenance & Repair	9,258,105	7.18	5,442,431	4.81
Shop Supplies & Expense	5,337,919	4.14	2,826,641	2.50
Occupancy Cost	8,059,478	6.25	3,495,336	3.09
Bad Debts Expense	1,080,883	0.84	1,408,066	1.25
Office Supplies & Expenses	1,349,938	1.05	895,142	0.79
Associations & Travel Expense	867,642	0.67	732,957	0.65
Legal & Accounting	1,269,806	0.98	919,756	0.81
Telephone & Other Communications	1,028,460	0.80	875,322	0.77
Automobile & Truck Expense	2,428,003	1.88	1,854,008	1.64
Insurance	4,240,090	3.29	2,239,885	1.98
Advertising & Promotion	3,206,945	2.49	1,641,680	1.45
Other Taxes	1,763,445	1.37	881,787	0.78
Interest	5,501,072	4.27	5,192,623	4.59
Franchise Fees	494,937	0.38	167,093	0.15
Depreciation, Non-Rental Equipment	2,203,055	1.71	1,438,496	1.27
Other Operating Expenses	1,995,827	1.55	1,760,731	1.56
TOTAL OPERATING EXPENSES	92,463,606	71.70	61,136,868	54.07
Operating Profit Before Rental Depr.	24,104,824	18.69	10,944,338	9.68
Depreciation on Rental Equipment	16,285,114	12.63	8,487,769	7.51
OPERATING PROFIT	7,819,710	6.06	2,456,569	2.17
Other Income & Expense (Net)	975,928	0.76	872,082	0.77
NET INCOME BEFORE INCOME TAXES	8,795,638	6.82	3,328,651	2.94
NUMBER OF RESPONDENTS	237		92	

TABLE III—2. BALANCE SHEETS BY SOURCE OF REVENUE, 1981

	REVENUE FROM RENTALS			
	Over 70 Percent		69 Percent or Less	
	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:				
Cash	6,654,634	6.68	3,020,184	4.25
Accounts Receivable (Net)	10,137,778	10.17	12,774,405	17.97
Merchandise Inventories	3,778,554	3.79	14,704,210	20.69
Marketable Securities	2,155,225	2.16	814,527	1.15
Prepaid Expenses	1,865,375	1.87	1,397,249	1.97
Supplies Inventory	220,624	0.22	458,478	0.65
Other Current Assets	1,737,607	1.74	1,105,423	1.56
Total Current Assets	26,549,797	26.64	34,274,476	48.22
Rental Equipment—Net Book Value	52,846,034	53.02	25,025,492	35.21
Other Fixed Assets—Net Book Value	14,703,401	14.75	9,847,607	13.85
Total Fixed Assets	67,549,435	67.78	34,873,099	49.06
Other Assets	5,566,296	5.58	1,929,246	2.71
TOTAL ASSETS	99,665,528	100.00	71,076,821	100.00
CURRENT LIABILITIES:				
Accounts Payable	3,883,300	3.90	6,200,136	8.72
Current Notes Payable	10,466,965	10.50	13,279,460	18.68
Contracts Payable	1,865,754	1.87	1,786,327	2.51
Customers' Rental Deposits	368,910	0.37	82,503	0.12
Accrued Expenses	2,674,549	2.68	1,710,469	2.41
Taxes Payable	1,404,952	1.41	804,694	1.13
Other Current Liabilities	406,988	0.41	885,591	1.25
Total Current Liabilities	21,071,418	21.14	24,749,180	34.82
Long-Term Debt	25,643,751	25.73	20,726,706	29.16
Other Liabilities	3,364,032	3.38	1,519,042	2.14
Total Liabilities	50,079,201	50.25	46,994,928	66.12
Net Worth	49,586,327	49.75	24,081,893	33.88
TOTAL LIABILITIES & NET WORTH	99,665,528	100.00	71,076,821	100.00
NUMBER OF RESPONDENTS	237		92	

TABLE III-3. INCOME AND EXPENSE FOR FIRMS DERIVING 70 PERCENT OR MORE OF REVENUES FROM RENTAL, 1981

	$000—$100,000		$100,001—$200,000		$200,001—$500,000		$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	970,357	86.19	6,187,843	85.42	29,042,202	83.29	19,932,124	84.59	51,984,042	83.62
Merchandise & Equipment Sales	93,969	8.35	815,625	11.26	4,237,133	12.15	2,525,067	10.72	7,731,846	12.44
Other Operating Income	61,564	5.47	240,908	3.33	1,589,630	4.56	1,105,121	4.69	2,450,053	3.94
Total Operating Income	1,125,890	100.00	7,244,376	100.00	34,868,965	100.00	23,562,312	100.00	62,165,941	100.00
Less Cost of Sales	62,647	5.56	687,854	9.50	2,858,404	8.20	1,823,051	7.74	6,967,098	11.21
Gross Operating Profit	1,063,243	94.44	6,556,522	90.50	32,010,561	91.80	21,739,261	92.26	55,198,843	88.79
OPERATING EXPENSES:										
Salaries & Wages	282,600	25.10	1,928,219	26.62	10,917,722	31.31	7,235,304	30.71	16,782,455	27.00
Employee Benefits & Taxes	26,887	2.39	228,935	3.16	1,459,639	4.19	944,250	4.01	2,571,990	4.14
Equipment Maintenance & Repair	60,153	5.34	445,297	6.15	2,395,907	6.87	1,759,964	7.47	4,596,784	7.39
Shop Supplies & Expense	67,517	6.00	230,993	3.19	1,162,873	3.33	992,772	4.21	2,883,764	4.64
Occupancy Cost	141,266	12.55	707,484	9.77	2,372,284	6.80	1,502,399	6.38	3,336,045	5.37
Bad Debts Expense	1,704	0.15	19,783	0.27	230,638	0.66	236,786	1.00	591,972	0.95
Office Supplies & Expenses	14,756	1.31	93,698	1.29	376,798	1.08	281,793	1.20	582,893	0.94
Associations & Travel Expense	12,391	1.10	69,978	0.97	268,226	0.77	165,948	0.70	351,099	0.56
Legal & Accounting	21,434	1.90	98,023	1.35	360,444	1.03	228,305	0.97	561,600	0.90
Telephone & Other Communications	17,754	1.58	89,783	1.24	320,615	0.92	189,936	0.81	410,372	0.66
Automobile & Truck Expense	34,729	3.08	176,764	2.44	689,858	1.98	347,332	1.47	1,179,320	1.90
Insurance	40,743	3.62	282,518	3.90	1,383,506	3.97	803,488	3.41	1,729,835	2.78
Advertising & Promotion	48,303	4.29	294,850	4.07	1,056,290	3.03	673,188	2.86	1,134,314	1.82
Other Taxes	23,922	2.12	75,808	1.05	356,074	1.02	367,920	1.56	939,721	1.51
Interest	66,561	5.91	395,450	5.46	1,344,960	3.86	859,885	3.65	2,834,216	4.56
Franchise Fees	6,560	0.58	115,469	1.59	315,619	0.91	54,938	0.23	2,351	0.00
Depreciation, Non-Rental Equipment	16,518	1.47	140,184	1.94	573,057	1.64	460,248	1.95	1,013,048	1.63
Other Operating Expenses	16,711	1.48	144,438	1.99	613,840	1.76	501,312	2.13	719,526	1.16
TOTAL OPERATING EXPENSES	900,509	79.98	5,537,674	76.44	26,198,350	75.13	17,605,768	74.72	42,221,305	67.92
Operating Profit Before Rental Depr.	162,734	14.45	1,018,848	14.06	5,812,211	16.67	4,133,493	17.54	12,977,538	20.88
Depreciation on Rental Equipment	162,192	14.41	878,354	12.12	3,853,142	11.05	2,580,763	10.95	8,810,663	14.17
Operating Profit	542	0.05	140,494	1.94	1,959,069	5.62	1,552,730	6.59	4,166,875	6.70
Other Income & Expense (Net)	—683	—0.06	94,831	1.31	211,009	0.61	293,170	1.24	377,601	0.61
NET INCOME BEFORE INCOME TAXES	—141	—0.01	235,325	3.25	2,170,078	6.22	1,845,900	7.83	4,544,476	7.31
NUMBER OF RESPONDENTS	16		48		109		34		30	

TABLE III-4. BALANCE SHEETS FOR FIRMS DERIVING 70 PERCENT OR MORE OF REVENUES FROM RENTALS, 1981

	$000—$100,000		$100,001—$200,000		$200,001—$500,000		$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	59,744	5.15	323,567	5.79	2,105,827	7.85	1,379,793	8.19	2,785,703	5.66
Accounts Receivable (Net)	33,269	2.87	367,944	6.58	1,940,865	7.24	1,516,880	9.00	6,278,820	12.75
Merchandise Inventories	37,345	3.22	349,395	6.25	1,111,006	4.14	800,053	4.75	1,480,755	3.01
Marketable Securities	39,853	3.43	95,911	1.72	1,099,264	4.10	391,751	2.32	528,446	1.07
Prepaid Expenses	13,155	1.13	69,271	1.24	652,225	2.43	239,392	1.42	891,332	1.81
Supplies Inventory	150	0.01	28,218	0.50	53,267	0.20	19,488	0.12	119,501	0.24
Other Current Assets	343	0.03	69,294	1.24	335,136	1.25	543,752	3.23	789,082	1.60
Total Current Assets	183,859	15.85	1,303,600	23.31	7,297,590	27.22	4,891,109	29.02	12,873,639	26.14
Rental Equipment—Net Book Value	745,009	64.21	3,134,600	56.06	13,469,374	50.24	8,796,626	52.19	26,700,425	54.21
Other Fixed Assets—Net Book Value	63,272	5.45	927,734	16.59	4,313,094	16.09	2,600,230	15.43	6,799,071	13.81
Total Fixed Assets	808,281	69.66	4,062,334	72.65	17,782,468	66.33	11,396,856	67.62	33,499,496	68.02
Other Assets	168,150	14.49	225,486	4.03	1,729,775	6.45	565,457	3.36	2,877,428	5.84
TOTAL ASSE"	1,160,290	100.00	5,591,420	100.00	26,809,833	100.00	16,853,422	100.00	49,250,563	100.00
CURRENT LIABILITIES:										
Accounts Payable	43,619	3.76	200,013	3.58	860,520	3.21	605,569	3.59	2,173,579	4.41
Current Notes Payable	58,882	5.07	544,619	9.74	2,428,847	9.06	1,961,572	11.64	5,473,045	11.11
Contracts Payable	53,989	4.65	47,838	0.86	233,648	0.87	306,415	1.82	1,223,864	2.48
Customers' Rental Deposits	2,066	0.18	13,676	0.24	87,569	0.33	79,771	0.47	185,828	0.38
Accrued Expenses	3,256	0.28	42,944	0.77	315,404	1.18	263,427	1.56	2,049,518	4.16
Taxes Payable	18,663	1.61	85,802	1.53	518,948	1.94	285,021	1.69	496,518	1.01
Other Current Liabilities	0	0.00	2,500	0.04	42,576	0.16	28,325	0.17	333,587	0.68
Total Current Liabilities	180,475	15.55	937,392	16.76	4,487,512	16.74	3,530,100	20.95	11,935,939	24.24
Long-Term Debt	633,185	54.57	2,403,324	42.98	8,357,710	31.17	3,979,034	23.61	10,270,498	20.85
Other Liabilities	75,201	6.48	344,158	6.16	940,602	3.51	679,632	4.03	1,324,439	2.69
Total Liabilities	888,861	76.61	3,684,874	65.90	13,785,824	51.42	8,188,766	48.59	23,530,876	47.78
Net Worth	271,429	23.39	1,906,546	34.10	13,024,009	48.58	8,664,656	51.41	25,719,687	52.22
TOTAL LIABILITIES & NET WORTH	1,160,290	100.00	5,591,420	100.00	26,809,833	100.00	16,853,422	100.00	49,250,563	100.00
NUMBER OF RESPONDENTS	16		48		109		34		30	

TABLE III-5. INCOME AND EXPENSE FOR FIRMS DERIVING 69 PERCENT OR LESS OF REVENUES FROM RENTAL, 1981

	$000—$100,000		$100,001—$200,000		$200,001—$500,000		$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	129,250	51.08	418,563	57.23	3,456,138	50.24	10,610,110	52.61	30,349,880	35.69
Merchandise & Equipment Sales	96,209	38.02	256,978	35.14	2,664,543	38.73	8,178,062	40.55	44,539,341	52.38
Other Operating Income	27,580	10.90	55,845	7.64	758,464	11.03	1,378,673	6.84	10,143,459	11.93
Total Operating Income	253,039	100.00	731,386	100.00	6,879,145	100.00	20,166,845	100.00	85,032,680	100.00
Less Cost of Sales	66,945	26.46	176,316	24.11	1,950,287	28.35	6,197,640	30.73	32,590,701	38.33
Gross Operating Profit	186,094	73.54	555,070	75.89	4,928,858	71.65	13,969,205	69.27	52,441,979	61.67
OPERATING EXPENSES:										
Salaries & Wages	64,403	25.45	109,666	14.99	1,759,536	25.58	4,567,088	22.65	19,372,340	22.78
Employee Benefits & Taxes	5,935	2.35	21,868	2.99	197,164	2.87	643,234	3.19	2,623,680	3.09
Equipment Maintenance & Repair	12,025	4.75	23,052	3.15	393,742	5.72	981,590	4.87	4,032,022	4.74
Shop Supplies & Expense	2,685	1.06	29,876	4.08	159,041	2.31	479,994	2.38	2,155,045	2.53
Occupancy Cost	25,899	10.24	40,070	5.48	352,326	5.12	857,767	4.25	2,219,274	2.61
Bad Debts Expense	156	0.06	944	0.13	33,848	0.49	232,323	1.15	1,140,795	1.34
Office Supplies & Expenses	1,943	0.77	7,057	0.96	66,073	0.96	172,715	0.86	647,354	0.76
Associations & Travel Expense	2,285	0.90	5,463	0.75	58,469	0.85	129,916	0.64	536,824	0.63
Legal & Accounting	2,600	1.03	3,938	0.54	60,992	0.89	148,989	0.74	703,237	0.83
Telephone & Other Communications	3,855	1.52	10,297	1.41	56,288	0.82	153,423	0.76	651,459	0.77
Automobile & Truck Expense	4,608	1.82	12,616	1.72	157,942	2.30	439,916	2.18	1,238,926	1.46
Insurance	6,631	2.62	31,624	4.32	184,235	2.68	462,955	2.30	1,554,440	1.83
Advertising & Promotion	11,551	4.56	17,981	2.46	159,397	2.32	342,810	1.70	1,109,941	1.31
Other Taxes	7,957	3.14	8,440	1.15	65,021	0.95	192,643	0.96	607,726	0.71
Interest	4,033	1.59	31,205	4.27	255,410	3.71	690,304	3.42	4,211,671	4.95
Franchise Fees	0	0.00	0	0.00	72,001	1.05	9,468	0.05	85,624	0.10
Depreciation, Non-Rental Equipment	2,106	0.83	12,278	1.68	142,616	2.07	253,578	1.26	1,027,918	1.21
Other Operating Expenses	4,427	1.75	24,831	3.40	65,289	0.95	339,846	1.69	1,326,338	1.56
TOTAL OPERATING EXPENSES	163,099	64.46	391,206	53.49	4,239,390	61.63	11,098,559	55.03	45,244,614	53.21
Operating Profit Before Rental Depr.	22,995	9.09	163,864	22.40	689,468	10.02	2,870,646	14.23	7,197,365	8.46
Depreciation on Rental Equipment	11,633	4.60	85,655	11.71	457,882	6.66	1,770,971	8.78	6,161,628	7.25
OPERATING PROFIT	11,362	4.49	78,209	10.69	231,586	3.37	1,099,675	5.45	1,035,737	1.22
Other Income & Expense (Net)	—4,821	—1.91	0	0.00	11,024	0.16	105,773	0.52	760,106	0.89
NET INCOME BEFORE INCOME TAXES	6,541	2.58	78,209	10.69	242,610	3.53	1,205,448	5.98	1,795,843	2.11
NUMBER OF RESPONDENTS	4		5		22		29		32	

TABLE III-6. BALANCE SHEETS FOR FIRMS DERIVING 69 PERCENT OR LESS OF REVENUES FROM RENTAL, 1981

	$000—$100,000		$100,001—$200,000		$200,001—$500,000		$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	9,750	5.91	50,867	9.27	211,187	4.70	899,137	6.54	1,849,243	3.55
Accounts Receivable (Net)	8,581	5.20	18,605	3.39	521,143	11.60	1,946,820	14.17	10,279,256	19.72
Merchandise Inventories	19,211	11.65	62,903	11.47	924,649	20.58	2,129,456	15.50	11,567,991	22.19
Marketable Securities	530	0.32	0	0.00	9,350	0.21	184,069	1.34	620,578	1.19
Prepaid Expenses	3,978	2.41	6,083	1.11	64,175	1.43	159,620	1.16	1,163,393	2.23
Supplies Inventory	2,300	1.39	200	0.04	4,000	0.09	30,447	0.22	421,531	0.81
Other Current Assets	0	0.00	1,379	0.25	28,351	0.63	409,503	2.98	666,190	1.28
Total Current Assets	44,350	26.88	140,037	25.53	1,762,855	39.23	5,759,052	41.91	26,568,182	50.97
Rental Equipment—Net Book Value	70,203	42.56	345,514	63.00	1,585,849	35.29	5,814,762	42.32	17,209,164	33.01
Other Fixed Assets—Net Book Value	14,711	8.92	42,779	7.80	1,008,374	22.44	2,017,817	14.69	6,763,926	12.98
Total Fixed Assets	84,914	51.47	388,293	70.80	2,594,223	57.73	7,832,579	57.00	23,973,090	45.99
Other Assets	35,700	21.64	20,120	3.67	136,612	3.04	148,583	1.08	1,588,231	3.05
TOTAL ASSETS	164,964	100.00	548,450	100.00	4,493,690	100.00	13,740,214	100.00	52,129,503	100.00
CURRENT LIABILITIES:										
Accounts Payable	10,953	6.64	18,765	3.42	391,648	8.72	1,035,614	7.54	4,743,156	9.10
Current Notes Payable	8,100	4.91	37,186	6.78	526,571	11.72	1,413,620	10.29	11,293,983	21.67
Contracts Payable	0	0.00	0	0.00	44,454	0.99	309,363	2.25	1,432,510	2.75
Customers' Rental Deposits	292	0.18	658	0.12	8,946	0.20	17,752	0.13	54,855	0.11
Accrued Expenses	80	0.05	0	0.00	42,340	0.94	254,896	1.86	1,413,153	2.71
Taxes Payable	5,055	3.06	2,570	0.47	71,987	1.60	202,463	1.47	522,619	1.00
Other Current Liabilities	0	0.00	0	0.00	70,387	1.57	102,990	0.75	712,214	1.37
Total Current Liabilities	24,480	14.84	59,179	10.79	1,156,333	25.73	3,336,698	24.28	20,172,490	38.70
Long-Term Debt	93,439	56.64	305,458	55.69	1,605,830	35.74	4,172,807	30.37	14,549,172	27.91
Other Liabilities	0	0.00	756	0.14	196,376	4.37	505,323	3.68	816,587	1.57
Total Liabilities	117,919	71.48	365,393	66.62	2,958,539	65.84	8,014,828	58.33	35,538,249	68.17
Net Worth	47,045	28.52	183,057	33.38	1,535,151	34.16	5,725,386	41.67	16,591,254	31.83
TOTAL LIABILITIES & NET WORTH	164,964	100.00	548,450	100.00	4,493,690	100.00	13,740,214	100.00	52,129,503	100.00
NUMBER OF RESPONDENTS	4		5		22		29		32	

SECTION IV. FINANCIAL DATA RELATED TO TYPE OF EQUIPMENT RENTED

Description of Three Categories

Responding firms were placed into one of three major rental categories:

1. Construction and Industrial—Air compressors/air tools; asphalt/bituminous equipment; compaction, concrete equipment, conveyors; cranes; generators/alternators; engines, pumps/hoses; sand blasting/steam cleaners; scaffolding/shoring equipment; tractors/earth moving equipment; welders; barricades.
2. General Rental—Small hand/electric tools; gasoline powered tools; homeowner equipment; household equipment; small air compressors/air tools; utility trailers/hook-up equipment; baby equipment; rollaway beds; reducing equipment; camping equipment; audio-visual equipment; TV sets; local/one way system trucks; sports and recreational equipment; automotive; plumbing, painting, electrical tools; lawn/garden equipment; material handling equipment.
3. Medical-Party, Audio-Visual, and Others—Party equipment including tables, chairs, silver, glasses, linens; bars, rotisseries; disposables; medical equipment including wheelchairs, hospital beds, whirlpools, commodes, convalescent and sickroom equipment; mobile equipment; and specialty equipment including furniture and office equipment, convention and exhibition equipment, audio-visual equipment, costume rentals, television sets, clothes washers/dryers, refrigerators, cameras.

Construction and Industrial Equipment

The 148 respondents in this category averaged $1.1 million in revenues in 1981. This was down from an average of $1.3 million reported for construction and industrial equipment rental firms in 1980.

Net income before taxes averaged $60,000, down from $76,600 in 1980 and $114,700 in 1979.

Return on investment for firms in this group was down slightly from 1980, averaging 17.5 percent in 1981. Return on revenues also dropped—5.3 percent in 1981 vs. 5.9 percent in 1980 and 11.2 percent in 1979.

Wages, salaries and benefits were up significantly in 1981, as measured against gross operating profits. This cost category was 34.3 percent in 1979, 36.1 percent in 1980, and 38.3 percent in 1981. It appears that labor costs were not up in absolute terms, but as a result of lower revenues and gross profit, the percentage attributable to labor costs increased.

The 148 respondents in 1981 reported a slightly improved net worth in terms of percent of assets, 41.9 percent vs. 39.9 percent in 1980. Average net worth—$341,500—was down slightly.

General Rental

The average general rental firm had revenues of $420,000 in 1981; this compared with $357,000 in 1980. Net income before taxes averaged $18,000 in 1981, up slightly from the average of $17,800 reported in 1980.

Return on investment was down slightly in 1981—13.6 percent vs. 15.2 percent in 1980. Return on revenues averaged 4.3 percent, also down from 1980.

Salaries, wages and benefits, as a percent of gross operating profit, were down slightly from 1980—37.0 percent in 1981 vs. 38.4 percent in 1980.

The average general rental firm had net worth of $133,000, up substantially from 1980. The proportion of net worth to assets was 45.6 percent. The 146 general rental respondents also were in a more liquid position than those responding in 1980. The current ratio was 1.65 in 1981 compared with 1.24 in 1980, and the acid test ratio was 1.04 vs. 0.74 in 1980.

Medical-Party and Audio-Visual

The 35 respondents in this category had average 1981 revenue of $373,000, and average net income (before taxes) of $18,000. Net income was down substantially from both 1980 and 1979.

Return on revenues was down to 4.9 percent in 1981; this compares with 7.0 percent in 1980 and 12.1 percent in 1979. Return on investment of 17.1 percent was down very significantly from prior years.

The overall financial condition of firms responding in 1981 was slightly better than in 1980. The current ratio was 1.58 vs. 1.51 a year earlier. Net worth was 49.4 percent of assets as compared with 42.1 percent in 1980.

Tables IV-1 and IV-2 contain income and expense statements and balance sheets for firms in the three categories. Table IV-3 includes key financial ratios.

TABLE IV—1. INCOME AND EXPENSE BY TYPE OF EQUIPMENT RENTED, 1981 -

	Construction & Industrial		General Rental		Medical-Party Audio-Visual, Etc.		Insert Your Own Figures Here
	Dollars	Percents	Dollars	Percents	Dollars	Percents	
Rental Income	95,513,430	56.95	46,999,557	76.73	10,567,522	80.90	
Merchandise & Equipment Sales	57,729,663	34.42	11,478,445	18.74	1,930,665	14.78	
Other Operating Income	14,469,376	8.63	2,777,378	4.53	564,543	4.32	
Total Operating Income	167,712,469	100.00	61,255,380	100.00	13,062,730	100.00	
Less Cost of Sales	43,607,313	26.00	8,532,374	13.93	1,241,256	9.50	
Gross Operating Profit	124,105,156	74.00	52,723,006	86.07	11,821,474	90.50	
OPERATING EXPENSES:							
Salaries & Wages	41,541,779	24.77	17,280,856	28.21	4,196,698	32.13	
Employee Benefits & Taxes	5,986,624	3.57	2,234,757	3.65	502,201	3.84	
Equipment Maintenance & Repair	9,462,305	5.64	4,584,554	7.48	653,677	5.00	
Shop Supplies & Expense	5,138,989	3.06	2,621,850	4.28	403,721	3.09	
Occupancy Cost	6,143,204	3.66	4,434,123	7.24	977,487	7.48	
Bad Debts Expense	2,021,865	1.21	393,075	0.64	74,009	0.57	
Office Supplies & Expenses	1,399,988	0.83	645,352	1.05	199,740	1.53	
Associations & Travel Expense	1,086,577	0.65	409,388	0.67	104,634	0.80	
Legal & Accounting	1,340,625	0.80	759,072	1.24	89,865	0.69	
Telephone & Other Communications	1,240,094	0.74	525,173	0.86	138,515	1.06	
Automobile & Truck Expense	2,775,749	1.66	1,102,992	1.80	403,270	3.09	
Insurance	3,840,378	2.29	2,143,808	3.50	495,789	3.80	
Advertising & Promotion	2,725,553	1.63	1,610,745	2.63	512,327	3.92	
Other Taxes	1,683,245	1.00	771,920	1.26	190,067	1.46	
Interest	7,932,705	4.73	2,343,262	3.83	417,728	3.20	
Franchise Fees	108,921	0.06	495,892	0.81	57,217	0.44	
Depreciation, Non-Rental Equipment	2,466,397	1.47	1,019,496	1.66	155,658	1.19	
Other Operating Expenses	2,705,855	1.61	814,651	1.33	236,052	1.81	
TOTAL OPERATING EXPENSES	99,600,853	59.39	44,190,966	72.14	9,808,655	75.09	
Operating Profit Before Rental Depr.	24,504,303	14.61	8,532,040	13.93	2,012,819	15.41	
Depreciation on Rental Equipment	16,929,533	10.09	6,427,188	10.49	1,416,162	10.84	
OPERATING PROFIT	7,574,770	4.52	2,104,852	3.44	596,657	4.57	
Other Income & Expense (Net)	1,283,760	0.77	524,852	0.86	39,398	0.30	
NET INCOME BEFORE INCOME TAXES	8,858,530	5.28	2,629,704	4.29	636,055	4.87	
NUMBER OF RESPONDENTS	148		146		35		

TABLE IV-2. BALANCE SHEETS BY TYPE OF EQUIPMENT RENTED, 1981

	Construction & Industrial		General Rental		Medical-Party Audio-Visual, Etc.		Insert Your Own Figures Here
	Dollars	Percents	Dollars	Percents	Dollars	Percents	
CURRENT ASSETS:							
Cash	6,196,632	5.14	2,874,702	6.75	603,484	8.02	
Accounts Receivable (Net)	18,362,594	15.22	3,881,646	9.11	667,943	8.88	
Merchandise Inventories	14,597,282	12.10	3,283,167	7.71	602,315	8.01	
Marketable Securities	1,685,756	1.40	957,018	2.25	326,978	4.35	
Prepaid Expenses	2,339,482	1.94	710,126	1.67	213,016	2.83	
Supplies Inventory	595,352	0.49	36,319	0.09	47,431	0.63	
Other Current Assets	2,298,102	1.91	484,468	1.14	60,460	0.80	
Total Current Assets	46,075,200	38.20	12,227,446	28.70	2,521,627	33.52	
Rental Equipment—Net Book Value	53,215,454	44.12	20,818,804	48.87	3,837,268	51.00	
Other Fixed Assets—Net Book Value	16,803,263	13.93	6,938,499	16.29	809,246	10.76	
Total Fixed Assets	70,018,717	58.05	27,757,303	65.16	4,646,514	61.76	
Other Assets	4,527,337	3.75	2,612,507	6.13	355,698	4.73	
TOTAL ASSETS	120,621,254	100.00	42,597,256	100.00	7,523,839	100.00	
CURRENT LIABILITIES:							
Accounts Payable	7,885,871	6.54	1,871,387	4.39	326,178	4.34	
Current Notes Payable	18,938,030	15.70	3,885,808	9.12	922,587	12.26	
Contracts Payable	3,274,206	2.71	357,223	0.84	20,652	0.27	
Customers' Rental Deposits	328,529	0.27	108,005	0.25	14,879	0.20	
Accrued Expenses	3,606,030	2.99	657,601	1.54	121,387	1.61	
Taxes Payable	1,531,118	1.27	524,234	1.23	154,294	2.05	
Other Current Liabilities	1,241,808	1.03	13,284	0.03	37,487	0.50	
Total Current Liabilities	36,805,592	30.51	7,417,542	17.41	1,597,464	21.23	
Long-Term Debt	30,232,924	25.06	14,112,271	33.13	2,025,262	26.92	
Other Liabilities	3,036,115	2.52	1,662,085	3.90	184,874	2.46	
Total Liabilities	70,074,631	58.09	23,191,898	54.44	3,807,600	50.61	
Net Worth	50,546,623	41.91	19,405,358	45.56	3,716,239	49.39	
TOTAL LIABILITIES & NET WORTH	120,621,254	100.00	42,597,256	100.00	7,523,839	100.00	
NUMBER OF RESPONDENTS	148		146		35		

TABLE IV—3. FINANCIAL RATIOS BY TYPE OF EQUIPMENT RENTED, 1978-1981

Financial Ratio	Construction & Industrial				General Rentals				Medical-Party Audio-Visual, Etc.			
	1981	1980	1979	1978	1981	1980	1979	1978	1981	1980	1979	1978
Current Ratio	1.25	1.24	1.23	1.39	1.65	1.24	1.28	1.41	1.58	1.51	1.75	1.76
Acid Test Ratio	.71	.70	.80	.85	1.04	.74	.78	.85	1.00	.75	1.20	1.04
Return on Investment	17.5%	19.6%	34.9%	33.5%	13.6%	15.2%	27.3%	35.9%	17.1%	29.8%	39.6%	27.2%
Return on Total Assets	7.3%	7.8%	15.3%	14.6%	6.2%	6.9%	12.1%	15.8%	8.5%	12.6%	16.6%	15.3%
Return on Revenues	5.3%	5.9%	11.2%	10.3%	4.3%	5.0%	8.4%	11.1%	4.9%	7.0%	12.1%	11.3%
Average Collection Period (Days)	40	41	40	47	23	21	22	23	19	21	24	23
Profits on Rental Investment	16.6%	17.2%	31.0%	33.3%	12.6%	13.3%	24.2%	31.1%	16.6%	26.8%	35.6%	32.6%
Total Revenues to Rental Investment	3.2	2.9	2.8	3.2	2.9	2.7	2.9	2.8	3.4	3.8	2.9	2.9
Rental Revenues to Rental Investment	1.8	1.7	1.8	1.8	2.3	2.1	2.2	2.2	2.8	2.8	2.5	2.3
Rental Revenues to Equipment Cost	.82	NA	NA	NA	.99	NA	NA	NA	.91	NA	NA	NA
PERCENTS OF GROSS OPERATING PROFIT:												
Salaries & Wages	33.5	31.7	30.1	31.7	32.8	34.1	32.8	31.6	35.5	35.3	36.3	36.3
Employee Benefits	4.8	4.4	4.2	4.6	4.2	4.3	4.1	3.5	4.2	3.7	4.7	4.0
Total	38.3	36.1	34.3	36.3	37.0	38.4	36.9	35.1	39.7	39.0	41.0	40.3
Depreciation (All)	15.6	15.7	15.6	13.6	14.1	14.1	12.4	13.4	13.3	13.7	9.8	11.0
Occupancy Cost	4.9	4.9	4.6	4.4	8.4	7.0	6.9	6.4	8.3	7.5	5.5	6.3
Equipment Maintenance & Repair	7.6	8.0	8.8	7.8	8.7	7.6	8.6	8.9	5.5	5.1	4.8	6.1
Interest	6.4	5.5	3.7	3.3	4.4	4.2	3.2	3.3	3.5	3.5	2.6	2.9
Advertising & Promotion	2.2	2.0	1.9	2.0	3.1	3.0	2.6	2.5	4.3	3.9	2.6	3.2
Insurance	3.1	3.3	3.3	3.7	4.1	4.5	4.8	4.2	4.2	3.9	4.1	4.9
Shop Supplies & Expense	4.1	4.7	3.1	3.2	5.0	4.1	3.4	2.6	3.4	2.8	3.3	3.1
OPERATING PROFIT	6.1	7.2	14.4	14.8	4.0	5.3	9.9	12.3	5.0	7.9	13.5	10.9
NUMBER OF RESPONDENTS	148	175	167	156	146	150	174	138	35	32	18	28

SECTION V. FINANCIAL DATA RELATED TO REGION

FIGURE V-1. RETURN ON INVESTMENT
IN EACH A.R.A. REGION, 1980 & 1981

Table V-1 contains income and expense data by region, and Table V-2 presents balance sheet information. Key ratios for 1979-1981 for firms in each of the 10 regions are in Table V-3.

REGION 1: Connecticut, Massachusetts, Maine, New Hampshire, New York, Rhode Island, Vermont
REGION 2: Delaware, Maryland, New Jersey, Pennsylvania, Virginia, West Virginia
REGION 3: Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee
REGION 4: Arkansas, Louisiana, Oklahoma, Texas
REGION 5: Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin
REGION 6: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
REGION 7: Arizona, Colorado, New Mexico, Utah, Wyoming
REGION 8: Alaska, Idaho, Montana, Oregon, Washington
REGION 9: California, Hawaii, Nevada
REGION 10: Canada

TABLE V-1. INCOME AND EXPENSE BY REGION, 1981

	Northeast 1		Eastern 2		Southeast 3		Southwest 4		Great Lakes 5	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	8,681,741	67.43	18,546,148	61.11	13,494,662	58.43	27,221,480	60.23	16,391,680	56.80
Merchandise & Equipment Sales	3,475,654	26.99	10,215,501	33.66	8,699,915	37.67	14,398,279	31.86	10,770,078	37.32
Other Operating Income	718,142	5.58	1,589,566	5.24	899,293	3.89	3,576,968	7.91	1,699,189	5.89
Total Operating Income	12,875,537	100.00	30,351,215	100.00	23,093,870	100.00	45,196,727	100.00	28,860,947	100.00
Less Cost of Sales	2,554,622	19.84	8,068,437	26.58	6,406,168	27.74	9,839,353	21.77	7,811,467	27.07
Gross Operating Profit	10,320,915	80.16	22,282,778	73.42	16,687,702	72.26	35,357,374	78.23	21,049,480	72.93
OPERATING EXPENSES:										
Salaries & Wages	3,821,501	29.68	7,688,726	25.33	5,644,621	24.44	11,018,540	24.38	7,567,271	26.22
Employee Benefits & Taxes	653,187	5.07	969,523	3.19	954,479	4.13	1,509,142	3.34	1,066,474	3.70
Equipment Maintenance & Repair	480,183	3.73	1,371,738	4.52	1,357,140	5.88	2,332,964	5.16	1,473,571	5.11
Shop Supplies & Expense	476,154	3.70	955,862	3.15	351,062	1.52	2,001,998	4.43	694,117	2.41
Occupancy Cost	823,439	6.40	1,722,744	5.68	734,999	3.18	1,496,575	3.31	1,582,283	5.48
Bad Debts Expense	67,835	0.53	296,030	0.98	248,119	1.07	347,246	0.77	254,801	0.88
Office Supplies & Expenses	114,011	0.89	320,354	1.06	212,594	0.92	341,097	0.75	288,923	1.00
Associations & Travel Expense	75,665	0.59	194,887	0.64	118,032	0.51	249,217	0.55	214,561	0.74
Legal & Accounting	133,042	1.03	234,291	0.77	184,743	0.80	343,627	0.76	242,527	0.84
Telephone & Other Communications	124,766	0.97	256,142	0.84	159,803	0.69	314,981	0.70	241,221	0.84
Automobile & Truck Expense	297,789	2.31	644,863	2.12	528,260	2.29	805,043	1.78	390,788	1.35
Insurance	412,821	3.21	913,089	3.01	616,419	2.67	1,321,800	2.92	879,725	3.05
Advertising & Promotion	347,359	2.70	748,166	2.47	373,485	1.62	829,262	1.83	719,588	2.49
Other Taxes	79,092	0.61	259,376	0.85	204,655	0.89	630,514	1.40	377,096	1.31
Interest	406,255	3.16	1,798,213	5.92	547,990	2.37	2,060,491	4.56	1,138,490	3.94
Franchise Fees	58,583	0.45	17,541	0.06	27,950	0.12	22,919	0.05	67,191	0.23
Depreciation, Non-Rental Equipment	164,703	1.28	455,878	1.50	314,346	1.36	815,953	1.81	392,109	1.36
Other Operating Expenses	50,820	0.39	450,627	1.48	158,256	0.69	506,206	1.12	469,670	1.63
TOTAL OPERATING EXPENSES	8,587,205	66.69	19,298,050	63.58	12,736,953	55.15	26,947,575	59.62	18,060,406	62.58
Operating Profit Before Rental Depr.	1,733,710	13.47	2,984,728	9.83	3,950,749	17.11	8,409,799	18.61	2,989,074	10.36
Depreciation on Rental Equipment	1,002,909	7.79	3,060,450	10.08	2,384,823	10.33	5,050,341	11.17	2,634,879	9.13
OPERATING PROFIT	730,801	5.68	—75,722	—0.25	1,565,926	6.78	3,359,458	7.43	354,195	1.23
Other Income & Expense (Net)	33,967	0.26	164,401	0.54	306,186	1.33	535,649	1.19	282,473	0.98
NET INCOME BEFORE INCOME TAXES	764,768	5.94	88,679	0.29	1,872,112	8.11	3,895,107	8.62	636,668	2.21
NUMBER OF RESPONDENTS	28		36		36		42		54	

TABLE V-1. INCOME AND EXPENSE BY REGION, 1981 (Continued)

	Midwest 6		Rocky Mountain 7		Northwest 8		Pacific 9		Canada 10	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	10,877,372	70.82	11,015,413	79.05	9,739,480	53.54	22,735,292	79.13	14,377,241	56.53
Merchandise & Equipment Sales	3,619,327	23.57	1,957,091	14.04	7,370,683	40.52	4,402,465	15.32	6,229,780	24.49
Other Operating Income	861,965	5.61	962,464	6.91	1,080,848	5.94	1,594,813	5.55	4,828,049	18.98
Total Operating Income	15,358,664	100.00	13,934,968	100.00	18,191,011	100.00	28,732,570	100.00	25,435,070	100.00
Less Cost of Sales	2,626,437	17.10	1,428,262	10.25	5,042,689	27.72	4,475,992	15.58	5,127,516	20.16
Gross Operating Profit	12,732,227	82.90	12,506,706	89.75	13,148,322	72.28	24,256,578	84.42	20,307,554	79.84
OPERATING EXPENSES:										
Salaries & Wages	3,960,068	25.78	4,737,485	34.00	4,280,826	23.53	7,030,139	24.47	7,270,156	28.58
Employee Benefits & Taxes	456,756	2.97	876,325	6.29	649,319	3.57	1,003,317	3.49	585,060	2.30
Equipment Maintenance & Repair	1,103,049	7.18	1,088,034	7.81	850,236	4.67	2,763,765	9.62	1,879,856	7.39
Shop Supplies & Expense	500,654	3.26	379,825	2.73	427,586	2.35	1,421,088	4.95	956,214	3.76
Occupancy Cost	844,518	5.50	611,718	4.39	894,137	4.92	1,892,662	6.59	951,739	3.74
Bad Debts Expense	37,016	0.24	105,520	0.76	150,495	0.83	398,641	1.39	583,246	2.29
Office Supplies & Expenses	143,986	0.94	139,851	1.00	187,150	1.03	266,710	0.93	230,404	0.91
Associations & Travel Expense	96,875	0.63	94,438	0.68	163,426	0.90	216,088	0.75	177,410	0.70
Legal & Accounting	310,487	2.02	140,304	1.01	161,072	0.89	310,386	1.08	129,083	0.51
Telephone & Other Communications	128,376	0.84	77,730	0.56	197,638	1.09	169,526	0.59	233,599	0.92
Automobile & Truck Expense	261,032	1.70	140,120	1.01	206,918	1.14	369,930	1.29	637,268	2.51
Insurance	531,053	3.46	428,379	3.07	437,347	2.40	706,949	2.46	232,393	0.91
Advertising & Promotion	396,543	2.58	215,852	1.55	398,408	2.19	492,667	1.71	327,295	1.29
Other Taxes	226,322	1.47	243,194	1.75	176,266	0.97	318,920	1.11	129,797	0.51
Interest	615,676	4.01	397,061	2.85	546,148	3.00	1,536,387	5.35	1,646,984	6.48
Franchise Fees	381,499	2.48	77,663	0.56	1,576	0.01	6,212	0.02	896	0.00
Depreciation, Non-Rental Equipment	183,538	1.20	264,532	1.90	267,018	1.47	455,597	1.59	327,877	1.29
Other Operating Expenses	87,657	0.57	262,634	1.88	733,911	4.03	686,091	2.39	350,686	1.38
TOTAL OPERATING EXPENSES	10,265,105	66.84	10,280,665	73.78	10,729,477	58.98	20,045,075	69.76	16,649,963	65.46
Operating Profit Before Rental Depr.	2,467,122	16.06	2,226,041	15.97	2,418,845	13.30	4,211,503	14.66	3,657,591	14.38
Depreciation on Rental Equipment	1,685,169	10.97	1,619,262	11.62	1,556,757	8.56	3,555,893	12.38	2,222,400	8.74
OPERATING PROFIT	781,953	5.09	606,779	4.35	862,088	4.74	655,610	2.28	1,435,191	5.64
Other Income & Expense (Net)	121,611	0.79	123,704	0.89	60,143	0.33	164,250	0.57	55,626	0.22
NET INCOME BEFORE INCOME TAXES	903,564	5.88	730,483	5.24	922,231	5.07	819,860	2.85	1,490,817	5.86
NUMBER OF RESPONDENTS	40		19		27		21		26	

TABLE V-2. BALANCE SHEETS BY REGION, 1981

	Northeast 1		Eastern 2		Southeast 3		Southwest 4		Great Lakes 5	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	751,258	10.22	919,949	4.32	1,031,615	6.56	1,493,295	4.48	1,290,013	6.35
Accounts Receivable (Net)	1,105,251	15.03	2,351,943	11.04	2,017,938	12.84	4,374,282	13.11	2,402,697	11.82
Merchandise Inventories	853,030	11.60	3,719,655	17.46	2,222,380	14.14	2,247,692	6.74	3,343,553	16.45
Marketable Securities	190,726	2.59	355,575	1.67	513,455	3.27	480,472	1.44	581,515	2.86
Prepaid Expenses	139,823	1.90	443,213	2.08	224,219	1.43	512,533	1.54	442,864	2.18
Supplies Inventory	49,803	0.68	97,963	0.46	48,644	0.31	7,054	0.02	332,723	1.64
Other Current Assets	70,691	0.96	446,126	2.09	252,593	1.61	116,810	0.35	339,446	1.67
Total Current Assets	3,160,582	42.98	8,334,424	39.11	6,310,844	40.14	9,232,143	27.68	8,732,811	42.97
Rental Equipment—Net Book Value	3,030,902	41.22	9,635,976	45.22	6,958,351	44.26	17,141,505	51.39	7,824,239	38.50
Other Fixed Assets—Net Book Value	918,888	12.50	2,368,043	11.11	2,088,378	13.28	6,268,247	18.79	2,920,181	14.37
Total Fixed Assets	3,949,790	53.71	12,004,019	56.33	9,046,729	57.55	23,409,752	70.18	10,744,420	52.87
Other Assets	243,352	3.31	970,444	4.55	363,007	2.31	713,105	2.14	844,187	4.15
TOTAL ASSETS	7,353,724	100.00	21,308,887	100.00	15,720,580	100.00	33,355,000	100.00	20,321,418	100.00
CURRENT LIABILITIES:										
Accounts Payable	567,741	7.72	1,291,204	6.06	968,489	6.16	1,512,393	4.53	957,023	4.71
Current Notes Payable	576,207	7.84	4,505,434	21.14	1,790,725	11.39	3,811,324	11.43	3,610,627	17.77
Contracts Payable	71,135	0.97	1,213	0.01	43,736	0.28	164,088	0.49	73,101	0.36
Customers' Rental Deposits	35,548	0.48	52,197	0.24	62,496	0.40	187,872	0.56	48,194	0.24
Accrued Expenses	277,528	3.77	355,526	1.67	454,049	2.89	1,271,212	3.81	387,406	1.91
Taxes Payable	102,203	1.39	311,638	1.46	313,110	1.99	271,400	0.81	315,714	1.55
Other Current Liabilities	81,428	1.11	185,835	0.87	96,161	0.61	308,865	0.93	159,989	0.79
Total Current Liabilities	1,711,790	23.28	6,703,047	31.46	3,728,766	23.72	7,527,154	22.57	5,552,054	27.32
Long-Term Debt	2,298,595	31.26	7,506,538	35.23	2,415,446	15.36	10,179,210	30.52	5,224,099	25.71
Other Liabilities	319,278	4.34	578,387	2.71	270,263	1.72	448,104	1.34	467,141	2.30
Total Liabilities	4,329,663	58.88	14,787,972	69.40	6,414,475	40.80	18,154,468	54.43	11,243,294	55.33
Net Worth	3,024,061	41.12	6,520,915	30.60	9,306,105	59.20	15,200,532	45.57	9,078,124	44.67
TOTAL LIABILITIES & NET WORTH	7,353,724	100.00	21,308,887	100.00	15,720,580	100.00	33,355,000	100.00	20,321,418	100.00
NUMBER OF RESPONDENTS	28		36		36		42		54	

TABLE V-2. BALANCE SHEETS BY REGION, 1981 (Continued)

	Midwest 6		Rocky Mountain 7		Northwest 8		Pacific 9		Canada 10	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	354,821	3.11	1,601,366	12.96	1,080,148	9.67	970,740	4.74	181,613	1.05
Accounts Receivable (Net)	840,152	7.36	1,362,857	11.03	1,488,110	13.32	3,066,856	14.99	3,902,097	22.59
Merchandise Inventories	1,094,968	9.59	437,356	3.54	1,481,397	13.26	822,155	4.02	2,260,578	13.08
Marketable Securities	94,992	0.83	283,345	2.29	71,720	0.64	331,652	1.62	66,300	0.38
Prepaid Expenses	382,989	3.35	180,743	1.46	112,809	1.01	722,007	3.53	101,419	0.59
Supplies Inventory	11,926	0.10	5,289	0.04	7,914	0.07	75,477	0.37	42,309	0.24
Other Current Assets	101,724	0.89	516,483	4.18	76,432	0.68	506,990	2.48	415,735	2.41
Total Current Assets	2,881,572	25.23	4,387,439	35.52	4,318,530	38.66	6,495,877	31.75	6,970,051	40.34
Rental Equipment—Net Book Value	6,022,589	52.72	5,662,502	45.84	4,648,425	41.62	10,701,963	52.31	6,245,074	36.15
Other Fixed Assets—Net Book Value	1,453,833	12.73	1,419,660	11.49	1,893,466	16.95	2,016,769	9.86	3,203,543	18.54
Total Fixed Assets	7,476,422	65.45	7,082,162	57.33	6,541,891	58.57	12,718,732	62.16	9,448,617	54.69
Other Assets	1,064,811	9.32	883,123	7.15	309,613	2.77	1,245,210	6.09	858,690	4.97
TOTAL ASSETS	11,422,805	100.00	12,352,724	100.00	11,170,034	100.00	20,459,819	100.00	17,277,358	100.00
CURRENT LIABILITIES:										
Accounts Payable	404,094	3.54	477,175	3.86	821,116	7.35	957,136	4.68	2,127,065	12.31
Current Notes Payable	838,386	7.34	1,073,448	8.69	1,267,853	11.35	1,864,932	9.12	4,407,489	25.51
Contracts Payable	3,180	0.03	111,096	0.90	124,263	1.11	2,603,745	12.73	456,524	2.64
Customers' Rental Deposits	20,895	0.18	5,786	0.05	29,600	0.26	6,217	0.03	2,608	0.02
Accrued Expenses	200,211	1.75	589,935	4.78	306,274	2.74	323,525	1.58	219,352	1.27
Taxes Payable	183,697	1.61	112,760	0.91	90,278	0.81	269,860	1.32	238,986	1.38
Other Current Liabilities	5,180	0.05	0	0.00	41,873	0.37	29,110	0.14	384,138	2.22
Total Current Liabilities	1,655,643	14.49	2,370,200	19.19	2,681,257	24.00	6,054,525	29.59	7,836,162	45.36
Long-Term Debt	2,880,308	25.22	1,394,308	11.29	3,508,034	31.41	5,782,776	28.26	5,181,143	29.99
Other Liabilities	835,862	7.32	402,865	3.26	248,898	2.23	290,856	1.42	1,021,420	5.91
Total Liabilities	5,371,813	47.03	4,167,373	33.74	6,438,189	57.64	12,128,157	59.28	14,038,725	81.26
Net Worth	6,050,992	52.97	8,185,351	66.26	4,731,845	42.36	8,331,662	40.72	3,238,633	18.74
TOTAL LIABILITIES & NET WORTH	11,422,805	100.00	12,352,724	100.00	11,170,034	100.00	20,459,819	100.00	17,277,358	100.00
NUMBER OF RESPONDENTS	40		19		27		21		26	

TABLE V-3. FINANCIAL RATIOS BY REGION, 1979-1981

	Northeast 1			Eastern 2			Southeast 3			Southwest 4			Great Lakes 5		
Financial Ratio	1981	1980	1979	1981	1980	1979	1981	1980	1979	1981	1980	1979	1981	1980	1979
Current Ratio	1.85	1.65	2.12	1.24	1.32	1.02	1.69	1.31	1.37	1.23	1.81	1.25	1.57	1.25	1.71
Acid Test Ratio	1.20	.88	1.04	.54	.52	.59	.96	.81	.96	.84	1.30	.89	.77	.57	.95
Return on Investment	25.3%	26.1%	31.9%	1.4%	19.0%	32.3%	20.1%	22.9%	28.1%	25.6%	27.3%	38.2%	7.0%	6.0%	30.3%
Return on Total Assets	10.4%	11.5%	16.2%	0.4%	6.4%	10.6%	11.9%	10.6%	14.4%	11.7%	16.4%	18.9%	3.1%	2.0%	14.6%
Return on Revenues	5.9%	7.2%	9.5%	0.3%	4.5%	7.1%	8.1%	7.4%	10.4%	8.6%	13.0%	15.3%	2.2%	1.2%	8.5%
Average Collection Period (Days)	31	30	28	28	31	34	32	35	33	35	31	28	30	22	37
Profits on Rental Investment	25.2%	24.3%	41.3%	0.9%	15.4%	21.6%	26.9%	21.1%	32.3%	22.7%	30.2%	36.5%	8.1%	6.1%	38.3%
Total Revenues to Rental Investment	4.2	3.4	4.3	3.1	3.4	3.1	3.3	2.9	3.1	2.6	2.3	2.4	3.7	5.1	4.5
Rental Revenues to Rental Investment	2.9	2.5	2.5	1.9	2.1	1.7	1.9	1.8	2.3	1.6	1.7	1.9	2.1	2.1	2.4
Rental Revenues to Equipment Cost	1.07	NA	NA	.75	NA	NA	.88	NA	NA	.81	NA	NA	.89	NA	NA
PERCENTS OF GROSS OPERATING PROFIT:															
Salaries & Wages	37.0	36.6	33.8	34.5	34.0	33.2	33.8	30.6	31.5	31.2	29.2	27.7	35.9	36.4	34.5
Employee Benefits	6.3	5.7	5.3	4.4	4.5	4.7	5.7	4.4	3.7	4.3	4.1	3.6	5.1	4.6	4.9
Total	43.3	42.3	39.1	38.9	38.5	37.9	39.5	35.0	35.2	35.5	33.3	31.3	41.0	41.0	39.4
Depreciation (All)	11.3	11.8	11.6	15.8	14.4	13.5	16.2	16.1	16.2	16.6	17.1	16.5	14.4	16.1	12.0
Occupancy Cost	8.0	6.1	6.6	7.7	6.7	6.6	4.4	4.9	5.1	4.2	3.7	7.3	7.5	6.6	5.7
Equipment Maintenance & Repair	4.7	5.8	5.4	6.2	5.5	5.9	8.1	8.6	7.5	6.6	6.9	8.1	7.0	4.8	7.9
Interest	3.9	3.6	3.5	8.1	6.2	4.7	3.3	3.8	2.9	5.8	3.0	2.2	5.4	6.5	3.0
Advertising & Promotion	3.4	2.5	2.6	3.4	3.2	2.8	2.2	2.3	2.2	2.3	2.3	2.0	3.4	3.0	2.3
Insurance	4.0	5.2	4.4	4.1	3.9	4.0	3.7	4.4	4.0	3.7	3.6	3.6	4.2	3.8	4.1
Shop Supplies & Expense	4.6	3.1	2.7	4.3	3.4	2.4	2.1	3.1	3.3	5.7	8.2	4.8	3.3	3.0	2.9
OPERATING PROFIT	7.1	8.3	12.8	Loss	5.6	9.8	9.4	8.6	12.5	9.5	12.7	15.6	1.7	1.5	12.5
NUMBER OF RESPONDENTS	28	25	20	36	34	38	36	40	38	42	43	36	54	63	54

TABLE V-3. FINANCIAL RATIOS BY REGION, 1979-1981 (Continued)

Financial Ratio	Midwest 6			Rocky Mountain 7			Northwest 8			Pacific 9			Canada 10		
	1981	1980	1979	1981	1980	1979	1981	1980	1979	1981	1980	1979	1981	1980	1979
Current Ratio	1.74	1.00	1.21	1.85	1.26	1.34	1.61	1.33	1.12	1.07	1.09	1.19	.89	1.03	.99
Acid Test Ratio	.78	.67	.59	1.37	.94	1.02	.98	.67	.79	.72	.76	.84	.53	.57	.64
Return on Investment	14.9%	11.3%	23.7%	8.9%	18.8%	29.5%	19.5%	16.1%	35.1%	9.8%	24.2%	40.7%	46.0%	21.8%	28.0%
Return on Total Assets	7.9%	4.5%	11.7%	5.9%	10.8%	16.7%	8.3%	6.9%	14.0%	4.0%	10.4%	17.8%	8.6%	3.8%	6.3%
Return on Revenues	5.9%	4.2%	8.7%	5.2%	8.9%	13.8%	5.1%	5.9%	11.4%	2.9%	7.6%	11.8%	5.9%	2.9%	4.8%
Average Collection Period (Days)	20	37	20	36	27	29	30	36	38	39	31	36	56	62	55
Profits on Rental Investment	15.0%	7.0%	20.3%	12.9%	21.7%	32.2%	19.8%	15.1%	23.8%	7.7%	18.9%	34.0%	23.9%	12.4%	16.1
Total Revenues to Rental Investment	2.6	1.7	2.3	2.5	2.5	2.3	3.9	2.6	2.1	2.7	2.5	2.9	4.1	4.3	3.3
Rental Revenues to Rental Investment	1.8	1.2	1.8	1.9	1.9	1.9	2.1	1.7	1.4	2.1	2.1	2.2	2.3	2.3	2.4
Rental Revenues to Equipment Cost	.86	NA	NA	.79	NA	NA	.92	NA	NA	.95	NA	NA	1.04	NA	NA
PERCENTS OF GROSS OPERATING PROFIT:															
Salaries & Wages	31.1	30.9	30.2	37.9	35.3	33.5	32.6	33.1	29.6	29.0	30.1	28.5	35.8	32.2	32.8
Employee Benefits	3.6	3.6	3.3	7.0	5.5	5.5	4.9	4.8	4.1	4.1	4.3	4.2	2.9	2.7	3.0
Total	34.7	34.5	33.5	44.9	40.8	39.0	37.5	37.9	33.7	33.1	34.4	32.7	38.7	34.9	35.8
Depreciation (All)	14.7	16.8	13.5	15.1	14.4	12.1	13.9	14.9	16.1	16.5	14.6	14.7	12.6	13.8	15.3
Occupancy Cost	6.6	5.5	5.1	4.9	5.1	4.4	6.8	5.5	4.0	7.8	5.9	3.6	4.7	5.4	7.0
Equipment Maintenance & Repair	8.7	8.4	11.3	8.7	9.3	10.3	6.5	10.8	7.7	11.4	10.4	10.5	9.3	6.6	10.2
Interest	4.8	7.7	3.7	3.2	4.0	2.4	4.2	3.2	4.1	6.3	4.4	3.7	8.1	7.3	5.0
Advertising & Promotion	3.1	3.1	2.8	1.7	1.5	1.7	3.0	1.4	1.7	2.0	1.9	1.6	1.6	2.5	3.0
Insurance	4.2	4.4	4.9	3.4	3.1	3.2	3.3	3.0	4.1	2.9	4.3	4.3	1.1	1.3	1.4
Shop Supplies & Expense	3.9	2.7	2.9	3.0	3.0	3.0	3.3	3.4	4.1	5.9	6.5	2.5	4.7	4.1	2.3
OPERATING PROFIT	6.1	5.1	10.6	4.9	9.2	14.7	6.6	6.8	13.6	2.7	8.5	15.6	7.1	3.5	7.4
NUMBER OF RESPONDENTS	40	45	43	19	29	35	27	25	38	21	28	29	26	25	28